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It's the spectacle that counts



R&D scoreboard The world's top research spenders



Thinking hats Edward De Bono's parallel philosophy



TOMORROW'S Weekend FT Climbing Mount Fuji: a religious experience

FINANCIAL TIMES

FRIDAY JUNE 17 1994

Greek deputies vote for trial of ex-premier

Europe's Business Newspaper

The Greek parliament voted to put former conservative prime minister Constantine Mitsotakis on trial for his alleged role in a telephone tapping scandal. Deputies voted by 163 to six to lift his parliamentary immunity so he can be tried on charges of instigating a scheme to tap dozens of political opponents and journalists.

IBM forms new division: The US computer company is forming a division to create services ranging from interactive television to personal messaging systems for the "information superhigh-

Paugeot Citroën lost an appeal at the European Court of Justice against an earlier ruling that new car sales by independent traders across national borders to specified customers were legal. Page 18

Bridge given go-shead: Swedish environment minister Olof Johansson quit after the government said it would go ahead with plans to build a controversial bridge and tunnel link to Denmark. Johan-soon had argued the bridge would upset the Baltic Sea's ecology. Page 18

Green light for Transrapid: Germany's parliament passed a bill clearing the way for the construction of the Transrapid high-speed rail link between Berlin and Hamburg. The "whispering arrow" will hover at speeds of up to 250mph in a magnetic field above a monorail.

Boost for research: British companies boosted their spending on research and development by 9 per cent to £7.1bn (\$10.65bn) last year, a rate of increase well ahead of the UK's main international competitors. For the first time since the R&D Scoreboard was launched four years ago, companies increased their R&D spending by more than they raised dividend payouts to shareholders. R&D Scoreboard, Pages 12-13

CS Holdings chairman Rainer Gut said Creditanstalt would remain "a proud and independent Austrian bank with its own identity" if the Swiss bank succeeded in winning control of the Austrian banking flagship, Page 19



Schneider chief hailed after jail release: Shareholders of electrical engineering group Schneider greeted company chairman Didier Pineau-Valencienne with a round of applause after his release from Brussels' Forest prison. Mr Pineaucharges of fraud relating to two Belgian subsid-

iaries, was released last week on bail of FFr2.5m (\$430,000). Page 18

Israel frees prisoners: Israel set free two former leaders of the Hamas Islamic resistance movement after they signed a pledged renouncing violence, according to other prisoners released

Book price-fixing 'Hogal': British and Irish book publishers should not be allowed to continue their price-fixing deal known as the net book agreement, a legal adviser to the European Court said. The publishers are appealing against a 1988 European Commission ruling that the accord is illegal. Page 9

Lib Denns challenge pour The UK's Liberal Democratic party is seeking to have the result of last week's European parliamentary election in Devon and Plymouth East declared void. They believe voters were misled into voting for a candidate who called himself a Literal Democrat. Page 9

Eurotumnel's share price closed 14p lower at 303p in London yesterday, raising the likelihood that the underwriting syndicate may have to take up a sizeable slice of one of the UK's largest ever rights issues. Page 19; Details, Page 27

UK move into French magazines: British media group Emap has agreed spend FFr914m (\$160m) on four acquisitions which will make it France's third-biggest consumer magazine pub-

More US bases to go: The US is to end or cut operations at 27 more military installations in Europe, most of them in Germany. The latest changes will affect 5,655 people.

Fine wines: A single cellar of fine wines fetched a record of almost £1m (\$1.52m) at auctioneer Christie's in London. The cellar was made up

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Bonn to impose M-way charges on all trucks

By Michael Lindemann in Bonn, Ronald Van de Krol in Amsterdam and Charles

Tha German parliament yesterday voted to impose levies on all domestic and foreign trucks using the country's motorways from next year, although domestic hauliers will be par-tially compensated by a cut in vehicle registration fees. The decision - which follows a

decade of debate in Europe over whether charges aimed at foreign truckers are discriminatory comes as several other European governments are also planning to introduce levies to contribute to the upkeep of road networks.

In Germany, only 10 of the 600 parliamentary deputies voted against the bill in the Bundestag, the lower house of parliament. Tha bill proposes an annual charge of DM1,500 (\$898) for

three-axle trucks and a DM2,500 charge for four and five-axle

trucks. In Britian, the Road Haulage Association said new motorway charges would creata "yet another expense for the British haulier". The Netherlands also plans to introduce truck levies from January 1, although the leg-islation has yet to pass through parliament.

Mr Matthias Wissman, the German transport minister, said his

country's levies would raise around DM609m a year, excluding the costs of managing the system, estimated at DM91m. Germany's upper house has yet to vote on the proposal but its

the government.
Dutch road hauliers, who handle around 25 per cent of all cross border road freight shipments in Europe, are expected to seek compensation for the extra

costs. One possibility is a reduc-

sage is taken for granted by

Germany's policy for its road haulage companies.

The UK Freight Transport Association had argued for a clearing bouse system between European governments to reimburse countries whose roads suffered wear by foreign based haul-

Belgium, Luxembourg and Denmark also Intend to introduce truck charges from January 1. Germany's original plan was to charge only foreign trucks for the use of German motorways while exempting domestic hauliers, but this was blocked by European authorities on the grounds that it was discriminatory.

Mr Wissman said the truck levies would bring German hauliers into line with other countries, including Italy, France and Switzerland, which have for years charged motorway tolls deemed to make German hauliers

Bundesbank report offers rare praise for Bonn finance policy

German economy starts to head out of recession

By Christopher Parkes

The German government's finance policy is on the right path and there are increasing signs that the recession is over, a confident Bundesbank reported yesterday.

The bank's rare praise for Bonn's policies was accompanied. however, by strict instructions to reduce spending and borrowing. "The growth rate in public spending should be kept substantially below the nominal rate of growth in gross national product for an extended period," it said.

The warning came as the Bundesbank acknowledged that the economy had moved out of recession. "The recessionary tendencies in the west German economy appear to have been over-come," it said in its monthly further interest rate cuts are year. unlikely in the short term. The comments helped the D-Mark to risen, further supporting the

nese yen and British pound yes-

Further evidence of German economic recovery came from Mr Karl Heinrich Oppenländer, president of the Munich-based Ifo economics institute. At his institute's annual meeting yesterday. he said the west German econ-omy had finally turned the corner, and growth was accelerating in the east. He said the institute now expected pan-German growth this year to be 1.5-2 per

cent, and higher in 1995. In a review of recent develop-meots, the Bundesbank report says state borrowing is still driving M3 growth, while growth in consumer credit has slowed to an annual rate of 5 per cent. Signifi-cantly, though, lending to companies is lower, but borrowing by manufacturing industry has

Capacity utilisation has also

view that the recession has been overcome. The Bundesbank report, repeating a recent state-ment by its president, Mr Hans Tietmeyer, noted that the "rather strong" cut in the discount rate in mid May (a 0.5 point reduction to 4.5 per cent) has cleared the interest rate horizon for some

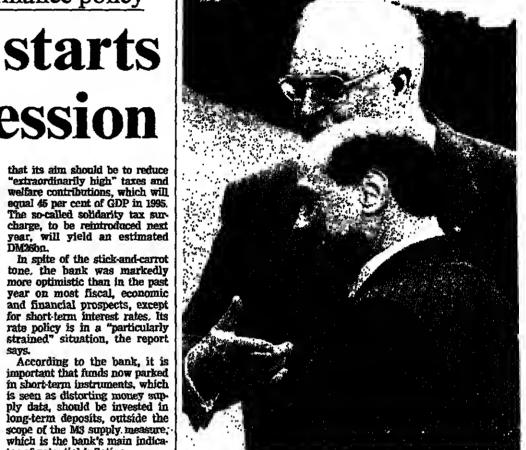
The bank now has to wait to see how investors react to the new interest rate environment. Fears about the course of long-term European rates have been blamed for the recent turbu-lence in international bond mar-

The Bundesbank also said that economic growth and rising tax revenues next year might belp to cut the public-sector deficit by up to DM60bn (\$36bn) - equivalent to 2 per cent of gross domestic product.

expected to be unchanged from

The government was reminded

Currencies, . World stocks,



Silvio Berlusconi (front) made his first trip to Bonn as prime stocks, minister of Italy yesterday, when he met Chancellor Helmut Kohl for Section II talks in the German capital Report, Page 2

Swissair ponders Sabena stake to gain EU hub

By Paul Betts in London and David Gardner in Brussels

Swissair is discussing a strategic alliance with Sabena that might see the Swiss airline acquire a large minority stake in the Belgian national carrier.

Swissair confirmed yesterday that it was holding talks with Sabena as well as with other European airlines, but declined to comment on a report that it was considering buying a 49.5 per cent stake in the Belgian carrier. Sabena also confirmed talks with Swissair but added that it was also holding discussions with American Airlines over a possibla link-up. Last week American confirmed to Sabena

an undisclosed co-operation offer.

A Sabena official drew a distinction between talks and negotiations and said Sabena was talking "to a lot of people". But Belgian government offi-

cials described as "completely plausible" the report of the possible acquisition by Swissair of a minority stake in Sabena.

They added that the Belgian government would not object to a Swissair minority stake as long as the Belgian state maintained majority control of its airline. Sabena is currently 61.8 per cent

A large minority stake in Sabena would finally give Swiss-air a base to the European Union to take advantage of the RU single aviation market. Swissair's biggest handicap is its lack of free access to the liber-

alised EU aviation market, especially since the airline appears to have lost any hope of overcoming it through an air transport agree-ment between the Swiss government and the EU.

The Swiss airline also indicated that it totended to expand its airline partnerships after the col-

lapse last year of the so-called "Alcazar" plan to merge Swissair, KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines.

"Several European carriers are involved in the discussions, including Sabena," Swissair said yesterday.

A report published today in Cash, the Zurich financial maga-zine, refers to a detailed document setting out the strategic importance for Swissair to acquire a stake in Sabena.

The report said Swissair intended to acquire a 49.5 per cent stake in Sabena by buying Air France's 37.5 per cent holding and a further 12 per cent stake to Sabena held by four financial companies controlled by the Bel-

gian government. Swissair said the article was based on one of a number of papers prepared by McKinsey, the business consultants. "It is not Swissair policy to comment Sabena left open the possibility at this stage to shed its stake, publicly on any proposals or for another airline to acquire a airline industry officials said yesrecommendations which such

Air France said it had no comment on the talks between Sabena and Swissair. It added that its original agreement with French carrier may be reluctant tal injection, they added.

minority stake in the Belgian cardocuments may contain," it

Although Sabena has become increasingly unhappy with Air France as a minority shareholder, the financially troubled

terday. risked complicating its efforts to win European Commission approval for its proposed FFr20bn (\$3.5bn) French government capi-

Russia joins China to fight sanctions against N Korea

By Our Foreign Staff

A US proposal to impose phased sanctions against North Korea in an effort to persuade it to allow international inspection of its nuclear facilities ran into trouble vesterday when Russia joined China in objecting to the move. However, tension on the Korean peninsula eased slightly when former US president Jimmy Carter, visiting Pyongyang in an attempt to find a solution to the crisis, said North Korea had agreed to allow inspectors from the International Atomic Energy

installation. Last week North Korea said it was withdrawing from tha agency, which suspects the north of using its reactor to supply

World Cup

'Powderkeg' could cause fourth conflict_ _Page 6 Editorial Comment.....Page 17

a secret weapons programme. The resistance to sanctions expressed by Moscow and Beijing, both among the five permanent members of the United Nations Security Council, threatens to dilute attempts to increase pressure on Pyongyang. However, neither country said it would veto the sanctions plans outlined by Ms Madeleine Agency to remain at its nuclear Albright, US ambassador to the

Shen Guofang, foreign ministry spokesman, said in Beijing: "China in principle does not subscribe to the involvement of the Security Council in the nuclear issue on the Korean Peninsula or the resort to sanctions to solve

Mr Andrei Kozyrev, the Rus sian foreign minister, caused consternation when he made clear his lack of sympathy for the US move because Washington had, he alleged, failed to consult Russia in drafting the proposal.

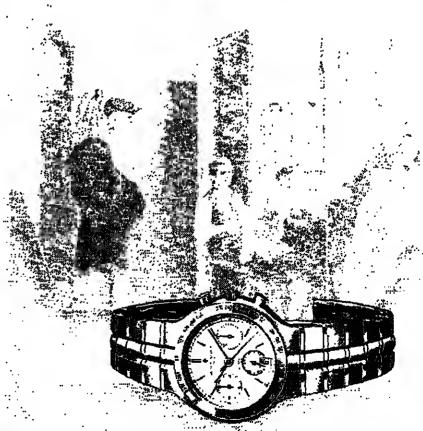
He said: "I think tabling the

draft unilaterally will seriously complicate for Russia consider ation of the document. In any case we will not support a set of China, a traditional ally of sanctions worked out without

Continued on Page 18

h Nortl	Korea, had long sig variness of sanction	mailed	ontinued on Page
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Balsam derivatives deals revealed

By David Waller in Frankfurt

Balsam, the German sports-flooring manufacturer which has filed for protection from creditors following the arrest of its entire board on fraud charges last week, has entered into currency options contracts worth DM10bn-DM14bn (\$6bn.\$8.4bn). it

emerged yesterday. The sheer scale of transac-tions dwarfs Balsam's modest turnover of DM460m, highlighttrading in derivatives at a time of intense international debate over how such financial instruments should be regulated. Swaps, options and other more complicated products are known as derivatives because

more conventional assets

Bankers insisted yesterday that the losses they faced as a result of "open positions" with Balsam were limited to a maximum of DM400m, a fraction of the gross value. But this comes on top of the DML60bn banks stand to lose as a result of the collapse of Balsam and of Procedo, Germany's largest factor-ing company, which has emerged as the biggest victim of the alleged fraud.

The revelations raise the question of whether bankers should have become suspicious about the volume of derivatives business long before the company filed for protection.

Banks have been remiss in assessing the relationship between the volume of derivatives business undertaken and

small company," commented a banker at the Frankfurt arm of s US institution yesterday. They should have put a stop to it earlier on.'

Separately, Citicorp, the largest foreign bank in Germany, confirmed yesterday that it stopped conducting options business with Balsam in the final three months of last year because the company "no lon-ger fitted our customer pro-

The case draws parallels with problems at Metallgesellschaft, one of Germany's largest companies which came to the brink of bankruptcy earlier this year after running up \$1.4hn (£933m) of losses in the oil derivatives business. But bankers pointed out yes-

the real needs of a relatively terday that, unlike Metallge- receivables was fraudulently sellschaft. Balsam was in general successful in its trading in The case illustrates how litderivatives - the state prosecu-

tle transparency there is in the case of over-the counter derivative products [products tailor-made for individual corporate clients)," said Mr Adolf Rosenstock, chief economist at the Industrial Bank of Japan in Frankfurt. "It is a jungle out

The Bundesbank, which is be watching the development of the derivatives markets in Germany with a critical eye. refused to comment on the case yesterday. But Balsam's experience is likely to add weight to calls from the Bundesbank for a new listing of the risk facing banks which enter derivatives agreements with

French growth forecast

By John Ridding in Paris

French economic growth should accelerate in the second quarter of this year and long-term interest rates, which have risen sharply over recent weeks, should stabilise, Mr Edmond Alphandery, the econ-

omy minister, said yesterday. His remarks coincided with a further easing in France's key short-term intervention rate, which the central bank reduced by one tenth of a percentage point to 5.2 per cent. The reduction is in line with the bank's strategy of gradually easing monetary policy to support economic recovery. Further evidence of an

upturn was provided by a rise in gross domestic product. Insee, the national statistics institute, reported that GDP grew by 0.5 per cent in the first quarter of 1994, compared with the last three months of 1993. The Economy Ministry said

that the first quarter growth, which followed a flat final quarter last year, showed the recovery from recession was firmly under way.

"Ws expect economic growth to continue to strengthen," said one economic official, citing surveys of business senti-ment among industrialists. According to Insee, the GDP

rise was achieved despite a decline in energy consumption, due to mild weather, which is expected to reverse in the second quarter. Growth was supported, however, by specific stimulatory measures, such as those aimed at reviving the car

Private economists agreed that the French economy has moved into a recovery phase, but expressed caution about the rate of growth. "Mr Alphandéry's projection of an acceleration from 0.5 per cent in the first quarter may be a bit optimistic," said Mr Jean-François Mercier, economist at Salowon Bros in London.

The first-quarter figures, he said, were boosted by a sharp reduction in stocks, which declined by FFr5.4bn in the period, but there was still little evidence of a substantial pick-up in investment.

Some economist also expressed caution about the rise in long-term interest rates, which have climbed to about 7 per cent from some 5 per cent at the beginning of the year. Mr Alphandéry played down the risks to economic growth, however, saying that inflation remained under control and that interest rates would stabi-

"I am optimistic", he said, "I think these movements [in long term interest rates] will automatically calm down."

Kohl cautious in welcome for Berlusconi

By Quentin Peel in Bonn

Chancellor Helmut Kohi yesterday gave Mr Silvio Berlusconi, Italy's prime minister, a cautious initial welcome to the inner circle of European heads of government.

On the Italian's first official foreign visit since emerging victorious from national and European elections, Mr Berlus-coni was accorded full military honours, and promises of con tinuing close co-operation.

But he apparently failed to persuade the chancellor to back his conservative Forza Italia movement in a move to join the European People's party – the Christian Democrat group - in the new Euro-pean parliament. Instead, he said his party would form its own independent movement for the time being.

On the other hand, there was no word of criticism about the presence of members of the neo-fascist Italian Social Move-ment (MSI) in Mr Berlusconi's government, and Mr Kohl was anxious to express his desire for continuity in their close

The two men discussed both the forthcoming summit of the European Union on Corfu, and the Group of Seven world economic summit in Naples.

They failed to agree on a common candidate to be the next president of the European

that a majority of the party would like to. sithough a minority favours the alternative liberal group. In a joint statement issued

after the talks, the two leaders pledged their determination to continue the "traditional close co-operation" between their governments, and in particular "intensively" during the coming German EU presidency.

Commission, the Italian prinse

The official visit gave Mr

Berlusconi his first big oppor-

tunity to launch a public rela-

tions defence of his new gor-

ernment before an inter-

national audience, and he

roundly denounced any singes-tion that "fascists" were mem-

bers of it. "I cannot allow any-

one to make o statement so ter removed from the truth," be

sald. There was "absolutely

nothing undemocratic" about

any of his ministers.
Yet lt is the presence of

those MSI members of the

National Alliance in the gov-

ernment which has clearly caused concern in Mr Kohl's Christian Democratic Union, as

well as the opposition Social

The chancellor insists that

the question of Forza Italia

joining the Christian Demo-crats in the European perlia-

ment does not arise, because

they have not applied to do so.

There is little secret, however

Democratic party.

minister indicated later.

East 'needs farm price stability'

The European Union orgently needs to set up a system to belp support stable farm prices in east and central Europe, and lay the founda-tions of an agricultural policy that will enable these post-Communist democracies to join the EU.

This is the main conclusion of an independent report released yesterday, commissioned by Brussels from Mr Henri Nallet, a former French agriculture minister, and Mr Adrian van Stolk, a Dutch authority on trade and agricul-

Papers from a closed seminar on eastern Europe, which the Commission held in March, highlight the 30 per cent drop in farm ontput between 1988 and 1992 in Hungary, Poland, the Czech and Slovak republics, Bulgaria and Romania.

"The risk is that agriculture: will quickly become the cen-tral point of friction with our eastern partners," according to the paper presented by Mr. René Steichen, EU agriculture commissioner. "By one means or another," he says, "a mechanism has to be found to sustain certain primary products at near world price levels."

The Nallet/van Stolk report warns that the fall in cost European output, because of falling prices leading to lack of investment and access to credit, is too dangerous to ignore.

The report calls for modest price supports to buttress production and eliminate the buge swings in food prices caused by speculators. It pro-poses an Ecn62 (\$71.92) price support for wheat - from which other support prices would be derived – against the Ecu100 per tonne price the EU expects to reach in 1996.

on his would-be challengers finally quits the European Commission in December. "arms for Bosnia" platform his policy shifts on Bosnia. than to youth and workers All this comes against the Ont of the depths of his The Euro-election result conwhose support was scooped up Euro-election misery, Mr founded predictions that the by Mr Bernard Tapie.

Rocard seeks to steal a march

By David Buchan in Paris

Michel Rocard has played a bold card. He has asked the French

Socialist party's national council for a vote of confidence on Sunday, just when his leadership is under great criticism for gaining the party only 14.5 per cent of the Euro-vote but before any serious rival can fore any serious rival can mobilise against him. Only Mr Jack Lang, former education and culture minister, has expressed open interest in wresting the party's leader-ship and presidential candidacy from him.

But his continued leadership now rests more on sufferance than enthusiasm. According to a party official cited by Libération newspaper yesterday, Mr Rocard's likely role is to continue "as sexton of the elephants' graveyard" to give way as herd leader to Mr Jacfall in the Socialist party's for-tunes had finally bottomed out with its respectable 22 per cent share of the local government election vote in March. It was clear that the proportional system used for Euroelections would not favour a so-called mainstream party like the Socialists; but the governing conservative coalition was hurt by dissident rival

lists in exactly the same way. However, traditional in-fighting between the Socialist party's clans to get on the list of Euro-candidates was compounded by the number of exdeputies seeking employment after losing their national seats in 1993 and by the decision to fill half the slots with women. After this squabbling start, the campaign got no better, with Mr Rocard seeming to pay more court to the Paris

intellectuals who ran on an

The latter's power base is built on the Mouvement des Radicaux de Gauche (MRG), which has traditionally followed the Socialists almost blindly. But buoyed by their 12 per cent in the Euro-poll and 13 seats in Strasbourg, the MRG threatens to be less obedient than in the past, while negotiations with it are made problematic for the Socialists by all the business controversies surrounding Mr Tapie.

Casting, as ever, a shadow over Mr Rocard is the enigmatic President François Mitterrand. The latter has denied any conspiracy to undermine Mr Rocard by promoting Mr Mr Tapie. But, during the campaign, he praised the "dynamism" of Mr Taple, briefly urban affairs minister in one of his governments. And other close Mitterrand associates loudly criticised Mr Rocard for

background of the long and well-documented antipathy between Mr Mitterrand and Mr Rocard. They have separate political roots - Mr Rocard once led the separate Parti Socialist Unifié party that the Socialist party absorbed in 1974 - and different ideological leanings. Mr Rocard earned Mr Mitterrand's ire for criticising as "archaic" the latter's joint programme with the Communists and, then later, the extent of his nationalisations, though the president eventually gave him three

tor in Bielefeld said last week

that the profits from this area

of business had for several

years disguised losses in the

company's mainstream sports-

The directors of Balsam are accused of forging documenta-tion to support applications for factoring agreements with Pro-

cedo, under which Procedo

would advance cash to Balsam

and assume responsibility for

collecting the outstanding

The cash advanced by Pro-

cedo to Balsam was used to finance the latter's currency

options business. It is also

alleged that the value of the

flooring activities.

receivables.

Whenever it really mattered however, Mr Rocard was loyal to Mr Mitterrand. Indeed it is the example of the president's achievement in pulling himself up from poor poll standings to win the Elysée in 1981 that still gives Mr Rocard some hope for 1995. The difference is that this time the loyalty may not be reciprocated.



Mr Michel Rocard: called on

his Socialist party for a vote

Brussels shelves pension deregulation

By Emma Tucker in Luxembourg

The European Commission yesterday shelved ambitious proposals to deregulate the management of pension funds after member states could not agree on how far national goveroments should be allowed to dictate the terms of invest-

EU members could now face Brussels sanctions if domestic rules governing pension funds are found to break treaty rules on free movement of capital

The decision to withdraw the proposal was taken at a meeting of EU ministers in Luxembourg. The directive had aimed

A European Commission proposal to crack down on the sale of counterfeit goods from non-EU countries was approved by ministers in Luxembourg yesterday. It will increase the power of customs authorities to stop fake goods entering the EU, writes Emma Tucker. Under customs procedures introduced in

the Union four years ago, a trademark owner can obtain a temporary "freeze" on the import of a consignment of counterfeit goods and can then take legal action. The new proposal

sion fund investment across the European Union, together with freedom of operation for pension fund managers. Mr Raniero Vanni d'Archir-

afi. singls market commissioner, said there was no point pursuing a directive that nel-

and could account for 5 per cent of total world to allow the free flow of pen- ther satisfied the Commission nor commanded the support of

a qualified majority of states. The three-year deadlock stems from fears that the Commission proposal is too liberal. Most EU countries argued that they should be able to insist

that a large part of a fund's

assets be invested in local currency - the so called currency matching rules.

will allow customs authorities themselves

to decide whether an application from a

trademark holder is valid. It also extends

the scope of the legislation to cover pirated

goods and design rights. The proposal should come into effect on July 1 next year, provided

it is approved by the European parliament.

According to the Commission, trade in fake

goods has risen sharply in the past few years

Only Britain, Ireland and the Netherlands - which impose few restrictions on their pension funds and consequently dominate the overseas investment market - backed the plan

to open up the European market, currently valued at Ecul.000bn (£770bn).

Opponents said they wanted a directive that would only allow 20 per cent of a pension fund's assets to be invested in foreign currencies. The Commission insisted on a maximum threshold of 40 per cent, supported somewhat reinctantly by the British, Dutch

Earlier, Mr d'Archirefi called for renewed efforts to get European legislation on to statute books. Hs produced detailed tables of areas with the most glaring holes, declaring Brussels was "on the warpath".

A proposal aimed at giving the Commission a clearer idea of how often countries blocked goods on sale in another mem ber state, on the grounds that they did not meet national standards, made little headway. The French and Germans argued that the proposed sys-tem - requesting authorities to notify the Commission whenever they rejected goods or services - would be ineffective.

But Mr Neil Hamilton, UK minister for corporate affairs, said: "The Commission needs a crowbar to prise open markets from which our goods are excluded on spurious grounds of safety, quality and so on. Too often, small businesses just give up the unequal struggle as complaints procedures are too legalistic, bureaucratic and time consuming."

Ministers agreed to re-examine the scope of the proposal. The Commission hopes it will be adopted at the next internal market council meeting in guard in election race By JRI Barshay in Kiev President Leonid Kravchuk of

Ukraine yesterday won parlia-mentary approval for a stalwart of the former communist elite to become prime minister, in what appeared to be an effort to draw support from lef-tist and eastern voters for his re-elsction bid later this

month.

The appointment of Mr state-controlled economy and closer ties with Russia, was backed by 199 of the 335 deputies, with 24 opposing him. Many market reformers and nationalists abstained from participating in "the lurch back to the communist system", as one put it.

Mr Masol served as prime minister of Soviet Ukraine from 1987 to 1990. He was forced out of office in protests that delivered the first blow to the Communist party's absolute rule in Ukraine.

Kravchuk turns to old

It is unclear what Mr Masol, as a powerful prime minister, would bring Ukraine. In his bid for parliamentary approval he astonished delegates by saying Ukraine "is a stats with mar-ket reforms" and that "we cannot act by traditional meth-

Last month he urged the restoration of strict state controls and condemned Ukraine's leadership for "liberalising prices ... exiting the rouble zone ... [and] cutting credits to industry".
Mr Masol's return to the pre-

misrship reflects Mr Krav-chuk's vulnerability in the presidential vote on June 26, where he is trailing Mr Leonid Kuchma, an industrialist who

ented eastern Ukraine.

Mr Kravchuk can bank on votes from western Ukraine, where a strong body of nationalists back him. Ukraintan nationalists fought against Mr Kravchuk in the 1991 election but now see Mr Kuchma's pro-Russian position as a threat to independence.

The president's position in the west was also helped by the signing of an accord with the European Union on Tues-

However, Mr Kravchuk is desperately seeking support in the more densely populated east, where the mood is increasingly pro-Russian and pro-communist

On Monday he adopted the eastern call to make Russian an official language along with

'Play along' with money laundering, OECD says

By David Buchan

Banks should "play along" with money-launderers, in co-operation with police, to maximise the chances of catching them and seizing their assets, officials of the Organisation for Economic Co-operation and Development said yes-

terday.
The officials were commenting on the latest annual report by the OECD's Financial Action Task Force on money laundering. This is the practice of legitimising ill-gotten gains from drug-trafficking and other forms of crime by investing them in legitimate assets or businesses, and concealing the money's origin by shifting it

through several institutions The FATF's chairman, Mr John Gieve, a senior UK Treasury official, said some progress had been made in the past year in the fight against money-laundering

A key recommendation of the task force is that banks report suspicions, either to the police or to specialist bodies in some countries, such as the Tracfin unit in the French Finance Ministry.

"We obviously can't force a financial institution to accept a transaction that involves suspect money," said an official of the FATF. "But law enforcement authorities now realise the benefits of letting moneylaunderers deposit their money

and tracking them and it, "The problem with turning the money away is that this alerts the money-launderers that they have been detected. and they are capable of learning from their mistakes."

At a separate conference organised yesterday by the Paris Criminology Institute, Mr André Levy-Lang, president of the Paribas investment bank said his bank had co-operated with Tracfin "in several cases".

"When we alert Tracfin, they sometimes tell us to accept the money and then help us run the case," Mr Levy-Lang said. Banque Nationale de Paris said that it had recently co-operated with authorities on "sting"

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EUROPEAN NEWS DIGEST

Russian banks urge restraint

Russia's biggest banking lobby yesterday appealed to western banks to refrain in their "own interests" from seeking to enter the Russian market. In an open letter to the international banking community, the Association of Russian Banks asked western banks for a self-imposed 18-month "moratorium" on opening new subsidiaries in Russia. It said this was necessary to give domestic banks more time to develop, as well as to pre-empt a possible political backlash against economic

The association, whose opinions are not shared by all Russian bankers, was responding to President Boris Yeltsin's decree last Friday which lifted a retroactive ban on deposit taking from Russian customers by western banks which had already obtained full Russian banking licences. The decree also said that in future the Russian central bank would only give licences to banks from countries which gave equal treatment to Russian banks seeking to open offices and subsid-

But Citibank and Chase Manhattan of the US, and Turkey's Yapi ve Kredi and Ziraat, both of which plan joint ventures with Russian banks, will still be affected by the earlier ban. This is because the decree only lifted the ban for banks from countries with bilateral treaties encouraging investment ties with Russia, and the US and Turkish treaties have yet to be ratified by the Russian parliament. The restrictions - confining western banking subsidiaries to an "offshore" status were imposed in response to protectionist pressure from Russian banks. Leyla Boulton, Moscow

Bundestag scraps pricing curb

Germany's Bundestag, or lower house of parliament, yesterday sought to introduce more competition by scrapping a 1938 law preventing retailers from reducing prices by more than 3 per cent ourside the summer and winter sales. But its efforts are likely to be defeated when the draft law goes to the Bundesrat, or upper house. Attempts to retain the law, passionately defended by small retailers on the grounds that they would be forced out of business, and even by some large chains because it would mean increased competition, were defeated by 314 to 262, with 26 abstentions.

In theory retailers can now set their own reductions, which might mean that the German consumer will be given a choice on prices outside sale periods. But in practice, yesterday's vote was a pyrrhic victory for Mr Gunter Rexrodt, the economics minister, who spearheaded the campaign for a reform of the law, as the Social Democrat-dominated Bundesrat is likely to reject it. Judy Dempsey, Berlin

Moscow warned of 'turmoil'

Senior Russian and western economists yesterday warned of economic and political turmoil in Russia later this year as the country's monetary and credit policies become "unsustaina-ble". A conference at the Stockholm Institute of East European Economics produced a sobering agreement that fragile improvements in Russian finances, which have seen a monthly inflation rate of 6.8 per cent in May, are now in danger. Lack of real institutional reform and pressing demands from military, industrial and agricultural lobbies threaten to bring back high inflation and with it a nationalist resurgence. Figures produced for the conference on the budget, which is under discussion in the Russian parliament, show that tax income for the first quarter of the present year is below the target level by more than 10 per cent of gross national product, while expenditure has also been slashed by a similar figure. This has meant deep cuts in programmes and long delays in wage payments, contributing to increasing unrest in the military: John Lloyd, Stockholm

Turkey shifts sell-off stance

Economic turbulence has forced Turkey to shift its privatisa-tion efforts from international share offers to direct equity sales to industry, according to a senior government official Economic uncertainty - with a halving in the lira's value against the US dollar since the start of the year – would make it difficult to attract institutional buyers, Mr Tezcan Yara-manci, chairman of the privatisation administration, said. But he predicted the government would return to the market once the current IMF programme took effect. Mr Yaramanci confirmed bids would be invited next week for a 51 per cent stake in the Erdemir steel company. He added that buyers would be sought for strategic stakes in Petrol Offsi, the oil products retail concern, Tupras, the oil refinery company, and for a minority share in Turk Hava Yollari, the national airline. John Murray Brown, Ankara

Scuffles mar Romanian protest

Romanian government offices remained under guard last night after scuffles earlier in the day between anti-government protesters and riot police. Witnesses said several hundred riot police attempted to remove about 1,000 protesters from the central Victory Square, where trade unions have been staging a peaceful sit in over low pay and slow reform. Tension had increased because there were at times more troops than demonstrators, the Alfa Cartel trade union, organisers of the rally, said. Alfa, which represents more than 1m mainly industrial workers, said police had also blocked roads into Bucharest to prevent supporters from other parts of the country joining the protest. The government, which last night resumed talks with union leaders, said the demonstrators had illegally blocked the square and their actions were destabilising. Virginia Marsh,

Talks on Bosnia map

Negotiators from the US, Russia, Britain, France and Germany conferred in London yesterday in a fresh effort to draw up a map that would divide Bosnia among the warring parties. A plan to give 49 per cent of Bosnia to the Serbs and 51 per cent to the new Croat-Moslem confederation is resented by both sides. However, diplomats said that if the current mediation effort bore fruit, the plan would be presented to the parties on a take-it-nr-leave-it basis. Mr Alain Juppe, French foreign minister, said in Istanbul last Friday that he hoped a Bosnian map would be ready within 10 days. Foreign Staff

ECONOMIC WATCH

Dutch unemployment falls



Source: FT Graphite

Unemployment in the Netherlands fell to an average 483,000 people in March-May, the second successive decline since the jobless total peaked at 520,000 in January-March. The central statistical office said the figures indicated the rise in joblessness had stahilised or been reversed. Although the number of registered unemployed rose by 96,000 in March-May from a year ago, this is still a slowdown compared with year-onyear figures published so far in 1994. The latest figures are unadjusted for seasonal factors but, even so, the drop

was steeper than would normally be expected. Ronald van de Krol, Amsterdom. ■ The number of unemployed in Poland fell in May for the third consecutive month - by 47,100 to 2.8m people or 15.5 per cent of the country's workforce. Christopher Bobinski, Warsan ■ The Danish National Bank has cut its securities repurchase rate to 5.60 per cent from 5.70 per cent, effective from July 1.

Flagging spirits test new union supremo

Germany's trade union federation badly needs a confidence boost, writes David Goodhart

steel industry umon boss who has just been elected to lead the German Trade Union Federation (DGB), inherits an organisation badly in need of a boost to its confidence.

On the face of it this seems odd. At its congress this week in Berlin the entire political establishment, including Chan-cellor Helmut Kohl, came to pay homage to the principle of social partnership and the important role of organised

labour in national political life. Just how totegrated it is into that political life was evident on Wednesday night. In one hall Mr Rndolf Sharping, leader of the Social Democrats, gave an address to the major-ity of delegates, while else-where a group of Christian Democratic trade unionists was addressed by several ministers from Bonn. Even the Greens threw a little party.

But the DGB is not only a political force. Its 16 industrysed unions still have more than 10m members, representing a higher proportion of the workforce than to almost any other large industrial country. And only a few months ago the unions were being widely praised for their restraint in

this year's pay round. So why does the 54-year-old

r Dieter Schulte, the Mr Schulte inherit such an anxious organisation? German unions are still central to the political and industrial life of the country - as this year's wage round underlined - but they fear they are beginning to lose their critical mass.

Membership, although still high, has fallen by 1.5m over the past two years. That is mainly because of joh losses, especially in east Germany, but the unions are not recruiting many new members in the growing service sector and remain unattractive to women

and young people.

The trends have contributed to the rapid decline of unions elsewhere in Europe and Mr Schulte and his colleagues know that unless they take action it could be them next. In his address to the congress he talked of the dangers of becoming "dinosaurs" and of the need to "abandon dreams of a

Mr Ulf Fink, a Christian Democrat DGB official, even warned congress of the French example, where union membership has fallen to 8 per cent of the workforce.

After his speech Mr Schnite said the "French option" would he avoided in Germany and added that there were some epecial factors behind the



Dieter Schnite, celebrating his election as DGB head, warned of need to

ing, "including the disappointment that many of our new members in east Germany felt when we could not prevent their jobs being lost".

The other key challenge to the unions is the growing interest of the government in labour market deregulation as an aid to creating more jobs, and the emergence of a tworecent decline in union stand- tier labour market with an

increasingly large group of workers not covered by centralised collective bargaining.

The unions are happy tn accept some aspects of the new flexibility. They are keen to reduce non-wage labour costs and are not opposed to an expansion in part-time work, although they do want to improve the social protection

unions' favoured means of jobcreation: reducing working time, with some corresponding reduction in pay without undermining existing hourly pay rates. Ten years ago it would have been unthinkable to talk in this way", he said. That may be true, but so far only a handful of companies Volkswagen, the car group, in cutting hours and pay to create

or retain jobs. The more insidious threat tn the unions' centralised coffective agreements comes from the growing number of companies leaving the industry associatinns which enforce them, or are drawing up special deals with their nwn company works councils in undermine the

national unions. Mrs Ursula Engelen-Kefer, Mr Schulte's deputy, says the flight from collective agree-ments seems to have been stopped by the moderate wage deal earlier this year. But Mr Charly Schübel, an official of all in Schweinfurt, says an increasing number of small metal industry companies in his area are paying skilled workers only DM8 or DM9 (£3.60) an hour - about half the national rate.

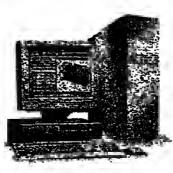
Given the continuing solidity of most German labour market regulations it is tempting tn ask whether the decline of the unions will make much differ-

"It would make a big differ ence," says Mrs Engelen-Kefer, "We are part of the political and social structure but our arguments are only listened to because of our strength nn the

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Land inequality ignites Brazil politics

Left-wing Workers party hopes rural policy will help win it votes, writes Angus Foster

Three miles off the road to Carnaru, an agricultural town in Brazil's north-eastern state of Pernambuco, is a settlement of rickety huts made of bamboo frames and black polythene bags. About 20 families have been living in the clearing for e year, wondering when their dream will come true.

Although they have water, there is little food and the children lack basic health or edu-cation facilities. A band of patrolling gunmen, employed by the local landlord to intimidate the families and deter visitors, keeps a nervous watch

The families are part of Brazil's Movimento Sem Terra, or Movement of the Landless, which claims that 5m Brazilians need land. It wants a far-reaching redistribution of land to the poor and uses occupations of private property, such as thet under way near Caruaru, to pressure the government to act. "I just want a little piece of land as e means to work and to survive," says Mrs Cicera Monteiro.

The battle for land and rural reform has claimed more than 500 lives in the last 10 years. This seems perverse in Brazil. one of the largest countries in population density. But it also land distributions in Latin America. Nearly 80 per cent of the land is owned by 10 per cent of the farmers. Among the poor, most have plots of less than 25 acres, sometimes only enough for subsistence.

force people off the land, usually through bankruptcy after bad harvests, and into the already overburdened cities.

Rural reform is a key pledge which Mr Luiz Inácio Lula da Silva, leader of the left-wing Workers party (PT), hopes will help win him the presidential election in October.

Land inequality dates from colonial days but has been compounded until recently by government assistance to large-scale farmers, such as tax breaks and infrastructure projects. During the 25 years to 1987, mainly under military governments, 25m acres of land were transferred - by sale or donation - to just 45 To redress this balance, Bra-

zil's 1988 constitution established rules for the appropriation of land that was not being used productively. But some of the legislation has still not been passed. Successive govland transfer schemes have been frustrated by budget



Two poverty-stricken Brazilians asleep on concrete steps

problems, a slow bureaucracy and a judicial system which tends to back property owners. In Pernambuco, where matters are critical because of the decline in its sugar cane industry, about 90,000 acres have been transfered, enough to set-tle nearly 3,000 families. But Mr Jaime Amorim of the Sem

Terra claims there are 350,000 families still needing land in the state and that about 7.4m acres are required to settle

The Sem Terra's claim that nationwide 5m people want land is impossible to verify, but probably exaggerated. Even if they have doubled

their estimates for greater impact, this still suggests there are as many as 1m rural families who need land, and a further im in the cities who would return to the land if it hecame available.

These are roughly the estimates with which the PT is working. The party believes a proper rural reform programme would take 15 years and would involve land reallocation as well as education and reform of rural credit and insurance systems which discriminate against smaller

"It also needs proper training and preparation of people too, otherwise they will fail and simply desert the land again." says Mr José Graziano da Silva, a PT agricultural

Such a programme would be expensive. It usually costs the equivalent of between \$5,000 (£3,300) and \$9,000 to settle each family. The total reform bill could therefore exceed \$10bn, more than the annual health budget. The PT argues thet urban jobs cost much more to generate, while migrants to the cities are

forced to live in shuns. Given the size and costs of rural reform, analysts question whether an incoming PT gov-ernment would be able to meet

its likely target of settling between 350,000 and 400,000 families in four years. The plans are also criticised as idealistic. Brazil's rural popula-tion has fallen from 75 per cent to 25 per cent of the total since the second world war, reflecting the attraction of urban services as much as

rural problems. The Sem Terra, which is closely linked to the PT, is also an electoral liability. Brazil's mainly right-of-centre media say the movement's invasions are examples of left-wing radicalism and contempt for the

For the poor victims of Brazil's economic mismanagement, rational arguments about the feasibility of the PT's pledges make little sense. In São Paulo state, a large occu-pation near the town of Getulina was recently broken up by the police under court order. The group, which earlier this year numbered some 2,300 families, is camped alongsida a road hoping the courts will rule in their favour.

Francisco, a father of three, joined the group when no longer able to pay rent on the family's room in the city of São Paulo. "I hope the court decides soon, but we'll stay, whatever happens," ha said. "There's nothing else to do."

New currency details start to take shape

By Angus Foster in São Paulo

Brazil's financial authorities have started to finalise details for the July 1 introduction of the country's new currency, the real, which is designed to tackle chronic inflation. According to Finance Minis-

try officials, the real will be secured by two "anchors", designed to keep inflation out of the new currency, which will be backed by the country's foreign exchange reserves of about \$40bn. First, the real will be linked at parity to the US dollar for an "indeterminate period". Second, release of the currency will be partly tied to pre-set money supply targets.

These anchors are designed

to give the government slightly more policy flexibility than previous economic stabilisation plans in the region, such as Argentina's. Argentina's so-called convertibility plan tied the Argentine currency explicitly to parity with the dollar, and forbade the central bank to issue local currency unless backed by dollar resarves. Changing the exchange rate requires legislation. Brazil is more complicated, officials say, because it faces presidential elections later this year.

The present administration is trying to build into the plan policy alternatives for which-ever of the two main candidates wins the elections, Brazil's economy Is also more reliant on industrial exports, which would soon become uncompetitive if the currency became overvalued.

According to private sector analysts, the link with the US dollar is likely to be kept in place until the end of the year, if the current election front runner, the left-wing leader Mr Luis Inácio Lula da Silva, retains his lead in the opinion polis and worried investors start to take capital out of the country, central bank officials say there are sufficient reserves to spend \$1bm a month defending the currency

for at least two years.

Many details, including the money supply targets themselves, will be decided over the coming weeks. According to some estimates, the monetary base of about \$3bn will treble.

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WORLD CUP

America braced for the big kick-off

Jurek Martin in Washington on how the hosts are preparing for the feast



a sliding tackle on a wet pitch, the World Cup of soccer is catching up on America, Scrub that metaphor, In all nine cities where the first round of the tournament is being played, the temperature this week has exceeded 90°F, often with humidity

So let us say that, sneakily, like a cold beer in Death Valley, soccer is seeking to refresh America for the first time. Starting today in Soldier Field in Chicago and the Cotton Bowl in Dallas, 24 national teams will play 52 matches over a span of exactly one month, culminating ou

An estimated 3.6m tickets will be sold for those actually going to games, and the small ads offering them now run to several columns a day. The global television audience may amount to a cumulative 30hn plus, with perhaps 2bn watching the final, rather more than the 135m who caught last year's American football Super Bowl on the box.

Every game will be televised in the US by either ABC, one of the established networks, or ESPN, the sports channel, without commercial interruption while the action flows on the field, but with half-time reserved more for the pitchmen

It will be big business - not surprising given that the profit that organiser Peter Ueberroth made for the 1984 Los Angeles Olympics has served as such an example to Alan Rothenberg, chairman of the World Cup Organising Committee. Foreign visitors may spend more

than \$4bn of foreign currency; commercial sponsors are paying up to \$20m each for the rights to use the World Cup logo in their marketing and promotion. The approved credit card is MasterCard, the candy Snickers, the film Fuji, the cereal Wheaties, and so on.

So much for the prospective numbers. So much, too, for global interest in the World Cup, which can be taken for granted. The big question, as yet unanswerable, is how the tournament plays in its host country, where, according to one poll last week, two-thirds do not know

that the tournament is being played here at all (and that is an improvement on two months ago).

There are objective circumstances working in soccer's favour. It is already entrenched in suburbia and among immigrant communities. When the US team played Mexico recently in Los Angeles, more than 90,000 turned up, most cheering for the Mexicans; a recent appearance by the Greek side drew over 50,000. The Italy Ireland match tomorrow at Giants Stadium, just across the Hudson River, is already being portrayed in terms of New York's great old etimic rivalry. Second, America is a naturally

hospitable and curious country always on the look-out for some thing new. You can get big audiences here for the Japanese tea ceremony or beach volleyball. The national presumption will be that soccer, understood to be the world's most popular game, must have something to offer, only to be disa-bused if this year's World Cup is as cynically played and tactically sterile as that four years ago (sorry,

Third, the competing American sports are approaching a mid-sum-mer lull. Ice hockey's Stanley Cup was settled on Tuesday night, with the New York Rangers taking the championship for the first time since the 13th century. Basketball's season will come to an end within e week, with either Patrick Ewing's New York Knicks or Hakeem Olajuwon's Houston Rockets on top.

aseball is in its mid-season passage, eternally fascinating but not yet at a decisive stage. It may never reach that stage, since its season is now threatened by yet another dispute between owners and players. Golf, in the shape of the US Open, will be over and done with this weekend. Exhibition football, American-style, does not start until August. Soccer has the sporting coast remarkably clear to strut its stuff.

Nor has the media been negligent in trying to explain to its readers and viewers what soccer is all about. Every self-respecting news-paper and magazine has produced special sections stuffed with illustrations about the game's basics -



Cobi Jones, the US team's highly-regarded forward, signing autographs for young fans

how to kick, head and trap e ball its terminology and its rules.

Profiles of teams and stars, all largely unfamiliar to Americans, have been extensive. It is now no mystery that Italy's Roberto Baggio sports a ponytail and that, even in his dotage, Roger Milla of Cameroon can still swivel his hips on scoring.

The only soccer player even half-way towards a household word is, of course, Pele of Brazil, and memories have been dutifully jogged by film of his great goals (and of Gordon Banks's immortal save from him) in the 1970 World Cup.

Not all the explanatory efforts have been accurate, but the effort has been conspicuous. Only lacking so far has been much interest on the part of the heavyweight sport-ing columnists and TV and radio

One who did chip in was George Vecsey in last Sunday's special 16-page section in The New York Times, and he had reservations. "I have come to the conclusion that this fervent nationalism is what makes Americans uncomfortable

with soccer. Americans are not really put off by the business of not using the hands or by the business of low scores . . but are by the business of language, the business of old national ties, the business of

ood points, but debatable nonetheless. For example, this World Cup has a new Adidas ball with e glossy surface enabling it to travel farther and faster. It would not have been introduced if fear of scoreless draws was not palpable, nor would referees more leniently the offside rule.

It is also hard to argue against the proposition that American interest will rise or fall according to the performance of the US team. The risk is that it becomes the first host country to fall at the first-round hurdle. The potential is that it is in a less tough group (Romania, Colombia and Switzerland).

There is no doubt that Bora Milutinovic, the peripatetic Serbian-born coach who has played in five countries and managed in four, is in the process of producing a better US side. It knocked off England 20 last summer, Mexico 1-0 just last month and only lost 4-3 to Germany in another summer exhibition.

But its record against other World Cup finalists is e modest two wins, two draws and seven defeats, and it has been handicapped by the difficulty of fielding its widely scattered best players together at one time. The US soccer stake extands

beyond the World Cup itself. There are plans afoot for a new professional league to replace the one effectively killed by Pele's retirement 15 years ago from the New York Cosmos. To succeed, it will need the participation of young American stars like Claudio Reyna and Alexi Lalas, who will otherwise be drawn inexorably to European

Ultimately, it is up to soccer to sell its finest wares to America. For those from northern climes, that will not be so easy in this sort of heat. Worse, beer sales have been banned at stadiums after half-time.

Germany seeks re-run of opening game victory

Coach Berti Vogts wants World the way they did four years ago: with an eye-catching victory. In today's opening game, Germany play Bolivia in Chicago.

Until 1990, the Germans usually struggled in their opening World Cup matches, before asserting selves. But four years ago in Italy they kicked-off with a fear-instilling 4-1 win against Yugoslavia, and stayed unbeaten.

We want to gain thet momentum in the opening game that will take us through the rest of the tournament," said Vogts. A world televisiou andience of about 1bn, plus a sell-out crowd of 63,117 at Soldier Field, will hope that new rules make the Germany-Bolivia game exciting. In recent World Cups,

dull and cautious. Hoping to galvanise the average of 2.21 goals per game in 1990, Fifa, soccer's governing body, decided that this time a victory in the first round – involving round-robin group play

would be worth three points. Germany's other Group C rivals are Spain and South Korea, who clash later tonight in Dallas. The Germans hope to become the first team to win four World

Bolivia are making their first appearance in World Cup finals since 1950. They are not well-regarded. However, Vogts is cautious: "It will be tough to score a goal against Bolivia. They have e good defence. They beat Brazil [and] they knocked out Uruguay, a great soccer nation." Bolivia's main doubt concerned

star forward Marco Etcheverry, who has not played a game since breaking his left leg. Coach Xavier Azkargorta says he will make a late decision on whether to field his most influential

injury doubt over Swedish defender

Defender Jan Eriksson re-injured his right thigh in practice in mid-week, and could miss Sweden's Group B opener against Cameroon on Sunday. Kriksson, E Today's games

Germany vs Bolh Chicago, 14.00 (20:00 BST) Spain vs 30 Dalles, 18.30 (00:30 BST)

a central defender, was injured after a sprint when warming up for a workout, and was taken to hospital for examination. Sweden's other Group B opponents are Russia and Brazil.

Governor counts on his citizens

Welcoming world soccer leaders to Chicago, the governor of Illimois, Jim Edgar, was not so much unimpressed with the World Cup as under-awed by his

Speaking at the opening session of the 49th congress of Fifa, soccer's governing body, Edgar welcomed the delegates on behalf of "the 11% people of Illinois." The state has about 11.5m

Odds-on for a betting record

Even though England, Wales and Scotland failed to qualify, the World Cup finals may break all records for soccer betting in Britain. The Coral bookmaking firm reckoned yesterday that betting on the month long competition could top £30m.

Ireland have been well supported – down from 50-1 to 28-1 - and so have outsiders Nigeria, sliding from 150-1 to 33-1 in recent days. Coral lists Brazil as 3-1 favourites, followed by Germany

(7-2), the Netherlands and Italy (6-1), Colombia (9-1) and Argentina (10-1).

Correction

The Italy Ireland match is in New York tomorrow, June 18, and not in San Francisco on June 20, as stated in error in a fixtures list on page 19 of the FT guide, World Cup Football, which appears with some editions today. Gluseppe Signori plays for Italy, not Brazil as stated in one edition.

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Changing the guard on Europe | Venezuela banking

Jurek Martin and George Graham on a State Department shake-up

eased out his joh only 24 hours before, Stephen Oxman was, hy local standards, surprisingly devoid of rancour, only gently suggesting that some reports of his

removal were "overplayed".
Indeed he could easily have cancelled the interview. arranged before it was announced that he was to be replaced as US assistant secretary of state for European and Canadian affairs by Mr Richard Holbrooke, currently ambassador in Ronn

The contrast between the two could not be more stark Mr Oxman is a low-key former investment banker, Rhodes Scholar and friend of both the president and secretary of state. "A really nice man," one European ambassador sald, but I never thought ha understood us and he was never very

Mr Holbrooke is a gregarious Washington insider, never short of an opinion and well connected to the younger foreign policy turks such as Mr Strobe Talbott and Mr Sandy Berger, the number twos at the State Department and National Security Council. His expertise is Asian and he has only been in Bonn for eight months,

take a little diplomatic explaining to the Germans.

But his move, combined with an equivalent change at the NSC, indicates an awareness of the need to strengthen the upper echelons of foreign policy making. In spite of many rumours, this probably makes more secure, for this year at least, the positions of Mr War-ren Christopher as secretary of state, whose retention is considered vital to the Middla East peace process, and Mr Tony Lake as head of the NSC.

Christopher's position may be more secure as a result

Mr Oxman says his own departure was the result of "the realignment of some of the principal European policy players to advance policy goals even more effectively". He argued that these goals

were well on the way to being Nato's Partnership for Peace with the members of the former Warsaw Pact was now, he said, "a working reality". The

task forces gave European security a clearer definition. with "separable but not separate capabilities" for the Western European Union as a Nato pillar. Co-operation with Russia, inside and outside PFP, was genuinely productive. It mattered, too, that the US

was leading the way in "outreach" to the countries of eastern Europe, for example, hy actively encouraging capital The \$11.5bn of investment

capital generated over the last five years, nearly half to Hungary alone, is but a fraction of what a region of 135m well educated people could attract and needs. Getting the Visegrad Four (Poland, Hungary, tha Czech Republic and Slowkie) into the Observations. vakia) into the Organisation of Economic Co-operation and Development could also be of practical assistance.

But the US had no "prescribed or set vision for the EU's future". Association agreements already signed with eastern Europe were "very substantiva" and the question of when the EU acquired more members was up to the Union and the countries concerned. The main US policy thrust towards Europe

was simply to avoid creating

setting up of combined joint new blocs defined on either to the fact that though ecosecurity or economic lines.

Mr Oxman concedes that relations with the leading governments in Europe were bad in May last year over Bosnia and "scratchy" in the run-up to the Uruguay Round trade agreement. Yet in January Europe had virtually "implored" the US to take a leadership role over Bosnia. which it had, resulting in the lifting of the siege of Sarajevo and the formation of the Bosnian-Croat federation.

Security is still a vital concern in the EU relationship

There had been setbacks (Gorazde) but also much prog-ress on the diplomatic front. It might be noted, however, that the US effort has been led by Mr Charles Redman, but he is likely to be reassigned to another senior ambassadorship as a result of the State Depart-

Still, Mr Oxman said, the evolution of Nato and the Bosnian crisis "has sobered people nomics will be very important in the transatiantic relationship it is far too soon to put security considerations into the background." Still he trots out figures showing the depth of the economic relationship

with Europe still exceeds Asia. If Mr Oxman has anything close to a public complaint, it is that his bureau is having to get by on less. It operates 90 posts in Europe, a net 16 more than four years ago, and has 5,500 staff, over 200 in Wash-meter. ington President Bill Clinton will be making 13 "country visthe secretary of state an estimated 23. "We're carrying a lot of water in the European burean," he adds ruefully.

But plans are already under way, as required by the presi-dent, to cut the departmental budget by 9 per cent over the next four years. Already two of the bureau's five deputy assistant secretaryships have gone. That other regional bureaus are in the same that is no consolation. "The fact is we are going to have to do less with less", eliminating any number of functions normally con-

ducted by embassies. Which is

where, probably in Europe, Mr

Oxman is headed - keeping

any discontent to himself.

free up larger deposits at the banks and their subsidiaries, or if other normal banking operations will be resumed.

likely to be liquidated.

The first payments sched-

with small accounts. The tens

of thousands of husinesses

nationwide therefore have no

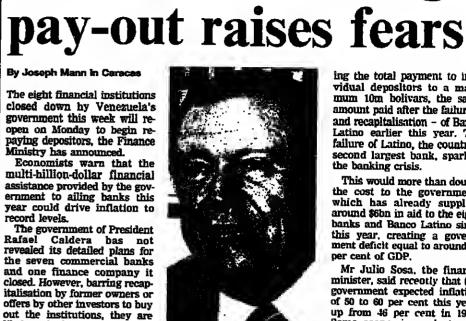
idea when the government will

Under current legislation,

each individual or company

holding accounts at the institu-

record levels.



Caldera: closed seven banks

uled for depositors next week will probably go to individuals tions is entitled to a payment of up to about 4m bolivars (£15,000) from the govern-ment's bank deposit guarantee fund (Fogade), regardless of the number of accounts they hold. This will cost the govern-ment around \$1.7bn, which may have to be funded through new bond issues. Officials are considering raising the total payment to indi-vidual depositors to a maximum 10m bolivars, the same amount paid after the failure and recapitalisation - of Banco Latino earlier this year. The failure of Latino, the country's second largest bank, sparked the banking crisis.

This would more than double the cost to the government which has already supplied around \$6bn in aid to the eight banks and Banco Latino since this year, creating a government deficit equal to around 10 per cent of GDP.

Mr Julio Sosa, the finance minister, said receotly that the government expected inflation of 50 to 60 per cent this year. up from 46 per cent in 1993. Some economic analysts are project predict price increases as high as 80 to 100 per cent. Taming inflation was one of the central goals of the Caldera government, which took office on February 2.

It remains to be seen if the covernment's action will stabilise the Venezuelan financial system, in the grip of the second year of a recession, or if other banks that built up large loan portfolios in recent years will face problems later on.

House starts in US up 22%

dame victory

Develor counts

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the second

US housing starts rose 2.6 per cent last morth and hy 22 per cent in the year to May, indicating residential construction remains fairly resilient despite

cations for mortgages, how-ever, has raised doubts about future demand for new homes.

increase in starts. He said 30year mortgage rates were still favourable, which should con-

direction of change in manufacturing production, rather

declined from May indicating the pace of growth may be

in the week ended June 8, the a further sign that demand for labour remains strong.

Menem warns over economy

By John Barham in Buenos Aires

President Carlos Menem has warned governors of Argentina's 23 provinces against inserting clauses into the country's new constitution that could destabilise his economic

Most of the provinces are controlled by Mr Menem's Peronist party and are in seri-ous financial trouble. They intend to insert a clause in the constitution ordering the federal government to transfer balf its tax revenues to the

But Mr Menem told them in a radio interview on Wednesday "to be quiet and try to contribute to reforming the constitution without introduc-ing destabilising elements." A constituent assembly is

rewriting Argentina's 1853 constitution to allow Mr Menem to run for re-election to a second four-year term next year, in addition to strengthening the legislature and the judiciary. The assembly is also considering additional reforms, including the relationship between local and federal governments. Mr Menem warned that

interfering in current tax-sharing mechanisms would undermine federal finances and destabilise the economy, as has happened in Brazil under its 1988 constitution.

Under the current system, the provinces receive 56 per cent of selected taxes, such as value added tax. But they do not have a right to other taxes, notably customs revenues. In May, the provinces got an estimated \$424m (£279m) in federal transfers, while the federal government's total tax revenues were \$1.86bn. However, many provinces have signed agreements with Buenos Aires entitling them to larger, fixed transfers in exchange for eco-nomic reforms at local level.

Buenos Aires port sale hit by row

A bitter dispute between a consortium led by a subsidiary of UK-owned P&O and Argentina's Murchison-Roman port services company is blocking the privatisation of the port of

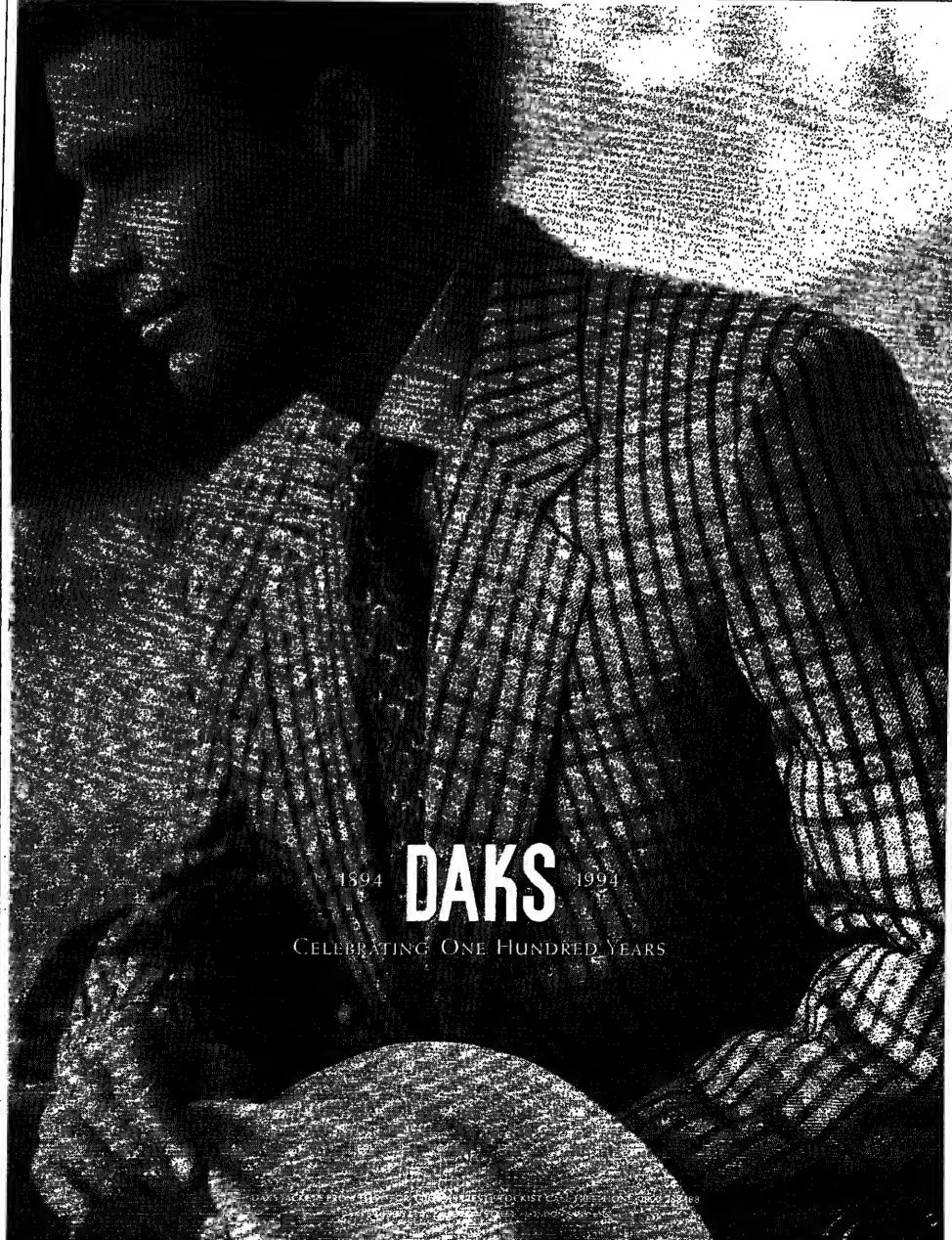
The consortium, led by P&O Australia, originally won bidding to operate two of the port's busiest terminals as a

25-year concession. But last week Mr Domingo Cavallo, the economy minister, rejected P&O's offer after sec-ond-placed Murchison-Roman claimed one of its rival's local partners, O.L. Fasce, had not complied with bidding terms. Mr Cavallo said he regretted P&O had lost the concession, but said he cancelled the transfer because Fasce had failed to prove it had a mini-mum net worth of \$4m (£2.6m) —one of the conditions of the

Howaver, P&O had previously challenged Murchison-Roman's objections in court, insisting Fasce could prove its net worth. On Wednesday it applied for a injunction halt-

ing the transfer. Mr Luis Dotras, a Murchi-son-Roman director, said P&O made "a totally speculative offar that would be impossible to comply with." He alleged the P&O consortium would not be able to generate sufficient cashflow to pay the govern-ment the \$13.5m (£8.88m) annual fee it had offered. Murchison-Roman offered a \$9.7m

P&O in turn alleges Murchi-son-Roman used lohhying strength to overturn its hid. Mr Horacio Duranona, a lawyer acting for the P&O consortium, said: "P&O made the biggest offer. Murchison pressured Congress. The economy ministry did not review all the documents proving sufficient



in 12 months

the rise in long-term interest rates since February. Housing starts last month were running at a seasonally adjusted annual rate of 1.51m, below the peak of 1.61m hit last

December. During the first five months of this year, the average level of starts was 21 per cent higher than in the same period last year.

A sharp recent fall in appli-

However Mr Lloyd Bentsen, Treasury Secretary, said he was "encouraged" hy the

tinue to help the industry. In a separate report yesterday the Federal Reserve Bank of Philadelphia said its index of manufacturing activity rose modestly this month to 16.1 against 14.8 in May, hut remained below first-quarter levels. The index indicates the

than its magnitude. An index for new orders

Claims for state unemploy-ment insurance fell to 348,000 lowest level in two months and

Trade surplus shows sharp drop in Japan

By Gerard Beker in Tokyo

The first clear-cut evidence that Japan'e huge current account surplus has peaked came yesterday with figures showing a sharp drop in the trade surplus for May. The Ministry of Finance

reported that the customscleared merchandise trade surplus fell by 15.9 per cent from the same month a year earlier, to \$6.54bn (£4.3bn), the first donble-digit year-on-year decline since December 1991.

Imports rose by 12.3 per cent to \$21.5bn while exports grew by just 4.2 per cent to \$28.1bn on a year earlier. The more reliable three-month trend, which irons out monthly fluctuations, showed a fall in the seasonally-adjusted trade sur-plus of 7 per cent in the three months to the end of May.

The sharp fall in the dollardenominated surplus reflects the decline in yen terms under way for several months. The sharp rise of the Japanese currency against the dollar in the last year had led to a rise in the dollar-denominated surplus, despite a fall in the surplus in volume terms.

But yesterday's figures suggest the volume of imports is now growing so fast as to outweigh the effects of the stronger yen. Import volumes rose rose as much as 16.1 per cent on a year ago, the fifth consecutive monthly increase, while export volumes fell 2.6 per

cent, the fourth straight fall, The sharp rise in import volumes appears to reflect a slight etrengthening in domestic demand, but some analysts attribute it to the growth in Japanese companies' offshore production. To offset the yen's high value, many manufacturers have stepped up overseas

Mr Geoffrey Barker, chief economist at Baring Securities in Tokyo, said: "The Japanese economy is now sucking in imports, as Japanese companies increase the foreign out-sourcing of many of their

operations.

Most analysts agreed that the figures marked a turning point. "The strong yen is at last being reflected in a smaller dollar trade surplus," said Mr Dick Beason, senior economist at James Capel Pacific. "We can now expect to see some spectacular falls in the surplus in the second half of the year.

light-water nuclear reactors

and the eventual withdrawal of

the 37,000 US troops from

The latter would be linked to

a peace treaty between North Korea and US that would for-

mally end the Korean war of

In return for diplomatic nor-

malisation, the US is also likely to demand conditions

that North Korea may find

nnacceptable, including improvements in human rights

and ending its exports of long-range missiles.

Another thorny issue is

whether the US would permit

North Korea to retain the two

nuclear weapons it is already

suspected of possessing, as

long as nuclear safeguards

would prevent it from making

rom the remote lookout

China, Russia and

of Fangchuan where

North Korea meet, the visitor

views the Sea of Japan to the

east and in the foreground, the

Russian wetlands that are one

of the world'e most prized bird

Below the lookout flows the

Tumen River, muddy and shal-

low, delineating the boundary

where over the years, tension has risen and fallen according

to power games being played out in capitals hundreds, if not

thousands, of kilometres away.

But Fangchuan provides a per-spective on what might be

commercially possible if the

The Tumen River area in

China's Jilin Province and the

nearby ports of Zarubino in

Russia and Rajin in North

Korea form the nucleus of an

ambitious scheme to draw

China, Russia, Mongolia, Japan, and South and North

Korea into a partnership to

Failure to resolve the North

Korean issue with the threats

of sanctions and even war would vastly complicate pres-

ent efforts by the United

Nations Development Pro-gramme (UNDP) to encourage

economic development in a

region long forgotten.
The various parties to the

project are due next month to

initial agreements for estab-

Yields on dollar-denominated bonds

issued by South Korean borrowers have

widened out by between 25 and 30 basis

points over the last week, reflecting inves-

tor fears of a further heightening of ten-

sions on the Korean peninsula.

Last week, Standard & Poor's, the inter-

national credit rating agency, revised the outlook on its A-plus implied long-term

rating on the Republic of Korea, to nega-

tive from positive. The agency said the

revision was prompted by North Korea's refusal to comply with demands for

The yield spread on the benchmark

\$1.85bn offering of 10-year global bonds

from Korea Electric Power Company,

South Korea's partially privatised power

utility, stood at 160 basis points over 10-

year Treasuries yesterday, which com-

pares with a spread of 90 basis points

inspection of its nuclear facilities.

By Our Markets Staff

develop this remote area

row is eventually defused.

sanctuaries.

South Korea.

1950-53.

But the figures are unlikely to have an immediate effect on US and Japan. The bilateral trade surplus rose 7.5 per cent from a year ago to \$3.05bn, reflecting the strength of US

demand for imports. The dollar was little affected remaining under pressure against the Japanese currency, at Y102.65 to the dollar at the close of Tokyo trading. Ministers greeted the figures with

HK's airport move tests China ties

in Hong Kong

The Hong Kong government yesterday put its improving relations with China to the test when it said it would seek the local legislature'e approval for more than HK\$15bn (£1.2bn) of finance for the colony's multibillion dollar airport project.

Britain and China have yet to agree overall terms for the financing of the project, Asia's largest integrated transport plan. The two are discussing the Hong Kong government's fourth financial plan for the project; hopes have been raised that an agreement is within

China yesterday confirmed that Mr Alastair Goodlad, a British foreign office minister, will visit Beljing next month. A Chinese government spokes-man said Beijing was keen that disputes about Hong Kong should not sour China's wider

relations with Britain. The request for further funding from the Legislative Council (LegCo) is by far the government's biggest gamble in its etep-by-step approach to building the airport. China has acquiesced in the past to LegCo voting funds for the

Mr Lu Ping, a senior Beiling official in charge of Hong Kong affairs, said recently that the government should refrain from further funding requests, pending an overall agreement with China. At the same time, Mr Lu said he thought the issue of finance could be settled shortly. A Hong Kong government

official said yesterday that more funds were needed by the Provisional Amount Authority so that companies tendering for work could be certain the authority had the money. Tenders for work have to be let between July and September if a mid-1997 completion date for the airport is to be achieved. The official noted that China had been informed about a month ago of the need for more funds and had been told the details of yesterday's fund-

ing request some days ago. The government is asking LegCo for HK\$8.9bn to build the airport passenger terminal, HK\$4.93bn for the airport's first runway and other essencivil engineering, \$HK1.08bn for baggage handling facilities, and HK\$227m for the airport authority's head

Arms imports by developing world increasing

By Bruce Clark, Defence Correspondent

volume of the international arms trade, in decline for the past seven years, is now stabilising, with arms imports by the developing world increasing, the annual survey of the Stockholm International Peace Research Institute says.

Sipri'e analysis of world trade in conventional weapons shows total volume declined only marginally last year, to \$22bn (£14.6bn) from \$22.8bn in 1992, peaking of at \$45.9bn in 1987. Arms imports by the developing world showed their first increase in six years, with a 1993 total of \$12.4bm, up from \$11.7bm in 1992 but still down

on a high of \$31.0bn in 1987. Some of the fastest growth in purchases came in the Middle East, where the conservative Gulf states and Egypt have been rearming after the Iraq conflict. Middle Eastern countries bought \$5.5bn-worth of armaments last year, up from \$4.8bn in 1992 and \$4.6bn in 1991. In the Nato countries, military budgets have been falling; the share devoted to arms procurement has been

tumbling even faster. Comparing last year with 1989, the year when communism collapsed in eastern Europe, the institute reported a decline in Nato's manpower from 5.9m to 5.1m, a drop in general military spending (at constant prices) from \$370bn to \$322bn, and a plunge in pro-

curement from \$83bn to \$60hn. Falling demand from their home markets has forced the west's top arms companies to concentrate harder on export, particularly to the Gulf, south east Asia, and Latin America. Among the world's top recipients of conventional weapons, Turkey moved from second to first place last year, with imports of \$2.5bn, ahead of India (\$2.2bn), Egypt (\$1.48bn) and Saudi Arabia (\$1.32bn). In 1992, the top recipients were Greece, Turkey, China

second-hand equipment.

when the bonds were launched last However, dealers reported some barand Japan. But measuring the value of arms for Greece and gain-hunting which they said could lead to a stabilisation in the bonds. Turkey is complicated since they receive huge volumes of

stock index ended 10.16 points higher at 901.08, off the day's high of 906.94, as institutions bought blue chips. The market is nearly 7 per cent below its 1994 peak reached at the beginning of February, before the government acted to cool the market, but has not plumbed the low

Investors fear rising tensions

of 855 points it reached in early April. On the currency markets, the US dollar managed an initial rise yesterday on early rumours that a US belicopter had been downed in North Korea - speculation which was later denied by the Pentagon. The US dollar is often perceived as a "safe haven" in times of international crisis and might have been expected to gain

from the growing tension in Korea. However, the dollar has been weak for much of the last few weeks, and has generally gained little from the Korea effect. The markets have taken the view that US economic growth is slowing, implying that there is less pressure on the Fed to

raise interest rates. "It would be normal to assume that disturbances in any part of the world would cause a flight of safety to the dollar," said Mr Jeremy Hawkins, sendor eco-

Indeed, by putting upward pressure on commodity prices, the Korean crisis may be upsetting the US bond market, which fears a resurgence in inflation. A sell-off in the Treasury bond market would prob-

ably adversely affect sentiment towards Deepening concern shout North Korea's intentions has helped to lift oil and gold prices. Recent firmness in crude prices was consolidated this week when members of the Organisation of Petroleum Exporting Countries confirmed their determination to stick to the existing production ceiling. The North Korean factor helped to spice up the cocktail, which yesterday lifted the North Sea Brent crude

Gold, seen as a haven for funds in times of trouble, is traditionally sensitive to international secority worries. Yesterday morning its price touched a two-week high of \$387.10 a troy cunce at the London bullion market fixing. By the close it had retreated to \$386.30, but that was still up \$2.80 on the week so far. Share prices in Seoul rallied yesterday nomic adviser at Bank of America. But it Reporting by Antonia Sharpe, Philip Cogafter two days of losses. The composite does not seem to be having an impact on gan, Motoko Rich and Richard Mooney

price above \$17 a barrel for the first time

in seven and a haif months.

North Korea realises it would lose any war. But terrorist activity is not ruled out. If economic sanctions are introduced, the US and its Jap-

anese and South Korean allies might then adopt a wait-andsee attitude, would hope the economic measures would had to North Korea's eventual col-

dispute. Pyongyang has said it would consider sanctions an

act of war, implying it would launch an attack against, possibly, South Korea or Japan. Officials in Secul believe the threat is a bluff to intimidate

South Korea and Japan from supporting sanctions, and that

Another possibility is that the Chinese influenced North Korean military might stage a coup against the country's next leader, Mr Kim Jong II, once his father, the 82-year-old President Kim II-eung, dies. There is believed to be considerable military opposition to Kim junior. But there are certain time

constraints to waiting. North Korea is on the brink of rapidly expanding its nuclear. capability. While it now operates only a 5MW reactor, it is expected to complete building a 50MW reactor in 1995 and a 200MW one in 1998 that could produce amounts of plutonium The US might, consequently, consider conducting a pre-smp

tive military alr strike to knock out the two bigger reactors before they are finished: But this action carries grave risks. It would be likely to trigger a desperate military invasion of South Korea by the North. Pyongyang might also launch Scud missiles against the South's 12 commercial nuclear reactors in retaliation. which would spread radioactivity clouds throughout the

For this reason, the US is unlikely to find much support for a military solution from

'Powderkeg' could cause fourth conflict The Korean peninsula is a political powderkeg that has caused three regional wars since 1894 when China and Japan clashed over the countries. try. The question is whether the North Korean nuclear dispute will cause a fourth con-Whether the crisis can be resolved peacefully depends largely on North Korea's intentions in refusing international inspections of its nuclear facilties. The most optimistic inter-pretation has been that North Korea is seeking concessions from the US in return for allowing full inspections. A deal, perhaps brokered by former US President Jimmy Carter, who is now in Pyongyang, could head off a confron-But the price demanded by North Korea for opening up its nuclear facilities is likely to be steep. It wants US diplomatic recognition, economic aid including the supply of safer

Price demanded by North Korea for opening its nuclear facilities is likely to be steep

Seoul department store shoppers read instructions on how to use a gas mask in case of a possible surprise attack by North Korea

atomic bombs. There are other obstacles to a diplomatic solution. Negotia-tions could easily founder due to deep mutual distrust. Any negotiations would also be lengthy. This presents a politi-cal problem for US President Bill Clinton, already being crit-icised by domestic conservative opponents for being too

patient with North Korea. Granting diplomatic recognition to North Korea would also open Mr Clinton to charges that he has bowed to nuclear blackmail, although he has established a precedent by giving economic aid to Ukraine in return for dismantling its nuclear forces.

That issue could be solved if full inspections disclose that US concessions to North the North has not in fact yet Korea would also be likely to succeeded in constructing anger South Korea and pro-Korea would also be likely to

0 Km 200

CHINA

NORTH 1

PYONGYANG

-SEOUL

Development Commission and

Committee which would be

responsible for implementing

the project: a \$30bn (£20bn)

gleam in the eyes of UN offi-

cials who hope to attract vast amounts of international capi-

But even without a UN

framework for development,

which some critics regard as

much too grandiose in any

case, China has quietly been

getting on with the job. North

Korea itself is reportedly co-op-

Hunchun, the main Chinese

town in the area, has under-

gone a remarkable transforma-

tion in the past year. Some

80,000 people, mostly construc-

erating.

KOREA

voke doubts about a US commitment to its defence. This could force Seoul to quit the US nuclear umbrella and try to acquire its own nuclear weapons capability.

Nevertheless, diplomatic activity is expected to increase in the next few weeks as the US gives North Korea a final deadline to accept inspections before threatened UN sanctions are imposed.

North Korea has engaged in diplomatic brinkmanship since the muclear dispute erupted in March 1993 when it threatened to withdraw from the nuclear non-proliferation treaty. Based on its past performance, it may offer a last-minute concession on inspections sufficient enough to keep talks going.

tion workers, have poured in, doubling its population. Local officials are confident

that in spite of regional ten-

sions and difficulties of co-ordi-

nation among the various play-

ers, the Tumen area will be

developed with or without the

the Tumen River Development

Office, says China, Russia and

North Korea realise there is no

future in maintaining the Tumen's isolation. "The cold

war atmosphere has loosened,"

he said, "the ice has melted."

International business has

begun to get involved, even at this moment of increasing ten-

sions between North and South

Hong Kong and Singapore

investors last month signed

agreements for a 50 per cent

stake in the China North East

Asia Railway and Port Group

Co, whose shareholders

include the local Jilin provin-

The company plan to build a railway bridge over the Tumen

to connect with a North Kor-ean rail link to Rajin port would be upgraded with the

construction of grain and con-

tainer terminals. Similar work will be carried

out at the Russian port of

Zarubino. Hunchun itself has

established a 2½ sq km eco-nomic development zone which

has attracted some 44 compa-

over the nuclear issue.

Mr Jin The, vice-director of

UN's grand plan.

in Washington and Seoul that North Korea is just playing for time as it pushes ahead to build more nuclear weapons. The worst-case scenario is

that North Korea plans to sell both weapons-grade plutonium and missiles to other anti-western nations, such as Iran and Libya, in return for hard currency and oil supplies, which are needed to keep its struggling economy afloat. Although US economic aid

might remove the need for weapons eales, Pyongyang would prefer not to become economically dependent on the US, according to this analysis. If North Korea does not appear willing to compromise within the next few weeks, the UN Security Council would begin introducing phased sanc-

nies involved in textiles and

chun these days, it has less to

do with the North Korean

problem than with a marked

slowdown in Sino-Russian bor-

Trade was down by about 50

per cent in the first five

months of this year compared

with the same period last year,

largely because of Russian

restrictions on access for Chi-

Business with North Korea is

also down. Local officials of

Yanbian Prefecture, which

includes Hunchun, were not

able to provide figures, but

said the decline from last

year's exports of \$140m was

This was not due to political

tensions, they said, but was

caused by the continued deteri-

oration of North Korea's econ-

While it may not be business

as usual on China's north-east

frontier, this almost certainly

has less to do with politics

In the end, North Korea's

failing economy may be the imperative that drives it to

the international community.

eek an accommodation with

The Tumen River project

shows that the North Koreans

are not beyond co-operating, when they believe it is in their

than with economics.

der trade.

nese traders.

If there is a cloud over Hun-

other light manufacturing

embargo and cut-off of cash remittances from Korean-Japanese. But China may try to block sanctions. Even if Beijing allows the passage through the United Nations of phased sanctions, it may try to cushion their effect

mild measures, such as ending

UN economic aid, and gradu-

ally escalating to an oil

on North Korea by turning a blind eye to continued supplies of oil and grain, which are vital to Pyongyang, China has a vested interest in preventing North Korea from collapsing, since it wants to avoid millions of refugees streaming across its borders

There is little doubt that UN sanctions would cause North

Outpost shows what N Korea Clinton has could gain by co-operating few trumps up his sleeve Tony Walker sees possibilities on a recent visit to Fangchuan

By George Graham in

US President Bill Clinton yesterday met his foreign policy advisers to discuss tha mounting crisis over North Korea, with few useful cards at his disposal for dealing with Pyongyang's apparent determination to pursue its development of nuclear weapons.

The Clinton administration has been grappling, ever since it took office a year and a half ago, with the problem of what Mr Anthony Lake, White Honse national security adviser, calls "backlash

Besides North Korea, Mr Lake numbers Cuba, Iran, Iraq and Libya in his list of such "recalcitrant and outlaw states that not only choose to remain outside the family but also assault its basic values".

Of the five, North Korea is apparently most advanced in its development of weapons of mass destruction. The Clinton administration's response has been a strategy of containment, backed by a will-

ingness, as yet untested, to spond with military force to any aggressive act.
While not ruling out any option, Washington officials have expressed no readiness to

take pre-emptive military That leaves only diplomacy, a path hindered by the diffi-culty of penetrating the mind

of President Kim Il-sung and the North Korean regime, as well as by the paucity of levers available to the US. The administration has tried

to keep some carrots in the deal presented to North Korea. These come in the shape of a promised improvement in diplomatic relations and economic

The danger is that it will be trapped into conferring these privileges over and over, in exchange for minimal North Korean concessions that do not even get back to the status quo

Few sticks, however, come to The problem is not just persuading China not to veto a

United Nations sanctions reso-It is that only China and a handful of other countries have any significant economic relationships with North Korea

through which economic pressure can be applied. The arms embargo proposed in the first phase of the US's draft resolution seems unlikely

to have much effect, since the main countries that trade arms with North Korea are the same "backlash states" least likely to comply with UN sanctions. The advantage of the phased

approach contained in the US

draft, however, is that the next step along the road is not a restart of the Korean War. Some in Washington argue that the US does not have the luxury of waiting to see if Pyongyang will have a change of heart. Mr Brent Scowcroft, national

security adviser under President George Bush, and Mr. Arnold Kanter, under-secretary for political affairs in the Bush State Department, argued in the Washington Post that more immediate action was needed to deal with the possibility that North Korea might, by the end of this year, have reprocessed enough plutonium to make another four to six nuclear warbeads

We should tell North Korea that either it must permit continuons, unfettered International Atomic Energy Agency monitoring to confirm that no further reprocessing is taking place, or we will remove its capacity to reprocess," they Mr Scowcroft does not

believe a limited attack to destroy North Korea's nuclear reprocessing facility would, in fact, lead the North to military retaliation. But if it were to do so, he

argues, it is better to fight the war now than later, when the North might possess as many as eight nuclear warheads. At the Clinton State Depart-

ment, officials say this argument "had not been overlooked," but believe Mr Scowcroft and Mr Kanter understated the risk of all-out war between North and South

That warning was reinforced yesterday when a Chinese foreign ministry spokesman confirmed Beijing stood by its mntual defence agreement with North Korea, saying the two countries were "as close as lips and teeth".

Nor is there great support for such a military gamble in the US Congress, even among Mr Scowcroft's friends in the Republican party.

"I think on our side there is a 'Be cautious, be firm, but don't rush into anything right this minute' kind of mood," said Congressman Newt Gingrich, number two in the Republican leadership in the House

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Kenya as debts rise

Mr Musalia Mudavadi, Kenya's finance minister, yesterday 25 102-30 Kshings announced an austere 1994/95 budget with little scope for investment in the country's dilapidated social services or transport infrastructure. against the backdrop of a stagnant economy and escalating debt servicing costs.

Nevertheless, Mr Mudavadi forecast an economic turnaround this year and promised to reduce inflation to less than 10 per cent by the end of 1994 from about 40 per cent at pres-

A better harvest was expected to boost Kenya's economic growth rate to 3 per cent in 1994, he said, still barely ahead of population growth but better than the dismal 0.1 per cent registered in 1993 - the country's worst economic performance since independence 30

Few conjurers would envy the trick Mr Mudavadi must perform this year. Under the watchful gaze of the Interna-tional Monetary Fund, he has been ordered to cut the budget

Internal debt (Kibn)

GDP this year will be difficult in the face of the government's product of financial profligacy in the run-up to the December 1992 elections and subsequent banking frauds that cost the country hundreds of millions

The K£2.57bn (£31m) domestic debt servicing hill con-sumed almost half the government's revenue last year. "It dominated the entire outcome of the budget," Mr Mudavadi admitted. "It blew tha deficit beyond acceptable limits."

Ae a result, Mr Mudavadi was forced to curtail public investment sharply last year Gross investment, he noted, fell by 16.4 per cant last year, with the government responsible for four-fifths of that drop. There will be no respite this year. Mr Mudavadi warned government ministries that

they would be issued with monthly expenditure ceilings. Their cash halances will enceforth be monitored daily by the central bank via a recently set-up computer

direct and indirect subsidies to the parastatal sector, which totalled 5.5 per cent of GDP last year. Legislation is planned to encourage private sector investment in the electricity sector, telecommunications, and port and railway ser-

On the revenue side, Mr Mudavadi has introduced private inspection companies inside customs to cut down on the evasion of import duties, an estimated one-third of which are never paid.

Mr Mudavadi said foreign aid flows would cover 23 per cent of government expenditure next year, but deplored that fact that most aid was "tied" to specific projects.

Austere budget for No peace yet in troubled Kashmir

Kidnappings highlight unrest in spite of fragile gains, writes Stefan Wagstyl

The kidnapping of two widespread. In the five months to the end of May, the death ratist militants in the northern Indian state of Jammu and Kashmir high-lights how far this troubled region still is from peace. Over the last 12 months, the

Indian authorities have tried to create the impression that the violence which has hit Kashmir in the past four years is being brought under control. They were so successful that tourists started coming back this year: owners of hotels, houseboats and handleraft shops thought their trada could at last see a revival.

The kidnapping has put in jeopardy this fragile gain in confidence. It is now 11 days since Mr David Mackie, aged 36, and 16-year-old Kim Housego, son of Mr David Housego, a former Financial Times ataff correspondent, were captured while on trek-king holidaye with their fami-

The incident has exposed the fact that despite considerable advances in suppressing militants in the capital city of Srinagar and the surrounding valley, the Indian security forces are far from crushing the sepa-

ratist fighters. Even the government's own figures show violence remains

toll was broadly the same as for the same months last year -501 militants, 85 members of the security forces, and 420 civilians (killed in militant attacks or in crossfire.) A further 139 people were kidnapped. Altogether nearly 10,000 have died since the fightwith Pakistan ing broke out in 1990, according to official statistics. The militants put the total at more

than 20,000. This is not to say the authoritles have made no progress in the past year. The security forces have killed or captured several top militant leaders and disrupted lines linking militants with their sources of supply in neighbouring Pakis-

Delhi scored a considerable coup last November by bringing to a peaceful end a monthlong siege of the Hazratbal mosque, the holiest Moslem shrine in Kashmir.

"In Srinagar at least the improvement is palpable," says a senior official of the Jammu and Kashmir state govern-

But even in Srinagar, life is far from normal. The paramili-tary Border Security Force patrols the streets and maintains sand-bagged bunkers. "If

because we have adjusted to life under occupation, not that we have accepted it," says Mr Abdul Ghani, a representative of the All Party Freedom Conference, an umbrella organisa-tion of Kashmiri political groups, some of which demand independence and others union

Moreover, while violence has declined in the Moslem heartland of Srinagar and the surrounding valley it has increased elsewhere - notably in the southern districts with mixed Moslem/Hindu populations, including the hilly Doda area, where militants recently assassinated two local leaders of the right-wing Hindu Bhar-

atiya Janata party.

There is also a shift in the balance of power among the militants, with groups linked to the Jammu and Kashmir Liberation Front, the pro-inde-pendence political organisa-

tion, losing ground to radical pro-Pakistan Islamic groups. They see the battle against India as a jihad - a holy war. Supplied with arms from within Pakistan and strengthened by the presence of small numbers of Afghan and other battle-hardened Moslem fight-ers, these groups have chal-lenged the traditional domiPAKISTAN

nance of the JKLF. Among these radicals organisations is Harkat-ul-Ansar, which captured tha two Britons.

The JKLF seems unsure how to react. Some leaders want no compromises, others appear to be putting out feelers to the Indian government, among them Mr Yasin Malik, who was released from prison a month ago and promptly appealed publicly for talks.

It is hard to see how the government can respond if the JKLF eticks to demands for independence. But if the government does nothing, it could miss a valuable opportunity to create a point of contact with the militant movement. There may not be much time - pro-Pakistan militants tried to shoot Mr Mailk earlier this month and could try again.

Delhi is aware that the longer the fighting goes on, the more the pro-Pakistan Islamic groups are likely to gain ground, notably Hizb-ul-Muja-hideen, the biggest and most active organisation. Mr Rajesh Pilot, the minister responsible for Kashmir, has said repeat edly that he wants to start a "politicai process", meaning talks with Kashmiri groups, followed by state-level elections and possibly an increase

in autonomy from Delhi "I feel there is more chance of the political process starting now than at any time in the past two years," he says.

But for most Kashmiri activists, hints of locreased autonomy are worthless. Mr Ghani says: "If we don't leave India, all this violence will have been shed for nothing."

Yeaterday Mr Housego returned to Paludgam, the area of the kidnopping, with a group of journalists, in a move to encourage the kidnappers, who are apparently nervous about the presence of Indian security forces, to release their captives. If he succeeds it will tension in the troubled state.

Egypt resists IMF pressure to devalue

By Mark Micholson in Cairo

The International Monetary Fund is pressing for a devalua-tion of the Egyptian pound as part of the country's reform programme, but the government is resisting, for fear of harming investor confidence a

senior minister has admitted. The disagreement over devaluation is holding up IMF approval of Egypt's economic reform programme which, once secured, would trigger the relief of between \$4bn and \$5bn (£2.6bn-£3.3bn) of external debt under a deal reached in 1991 with the country's Paris Club

the list has

i trumps

The government conceded this week it had abandoned hopes of gaining such approval by next month, as had origi-nally been hoped. Ministers now say they hope to have won the Fund's imprimatur before

the end of the year.

Mr Atef Obeld, minister for
the public sector, vowed Egypt
would "never devalue", saying that continued currency stabillty was essential to sustain and improve flows of capital into

the economy. Egypt'a central bank has pegged the pound at around £E3.3 to the dollar for the past three yeare, aided by high interest rates which have attracted substantial financial

Over that period, the bank has been purchasing dollars to prevent the pound from appreciating, accumulating reserves which now stand at \$16.6bn (£11bn) and cover 16 months of imports.

The IMF has argued that

Egypt cannot indefinitely hold the pound at artificially high levels without harming export competitiveness, a view supported by many local businessmen and bankers, who believe a level of between £E3.8-£E4 to the dollar is more realistic.

The Fund also argues that a devaluation would then permit accelerated cuts in Egypt's high interest rates, which the IMF sees as an additional constraint on its already modest economic growth.

The government has trimmed rates in the past two years, but many bankers believe the interest rate structoo high. Prime lending rates to multinationals, for instance, stand at 12 per cent, threemonth treasury bills at 12.2 per cent, and the discount rate at

15.4 per cent.

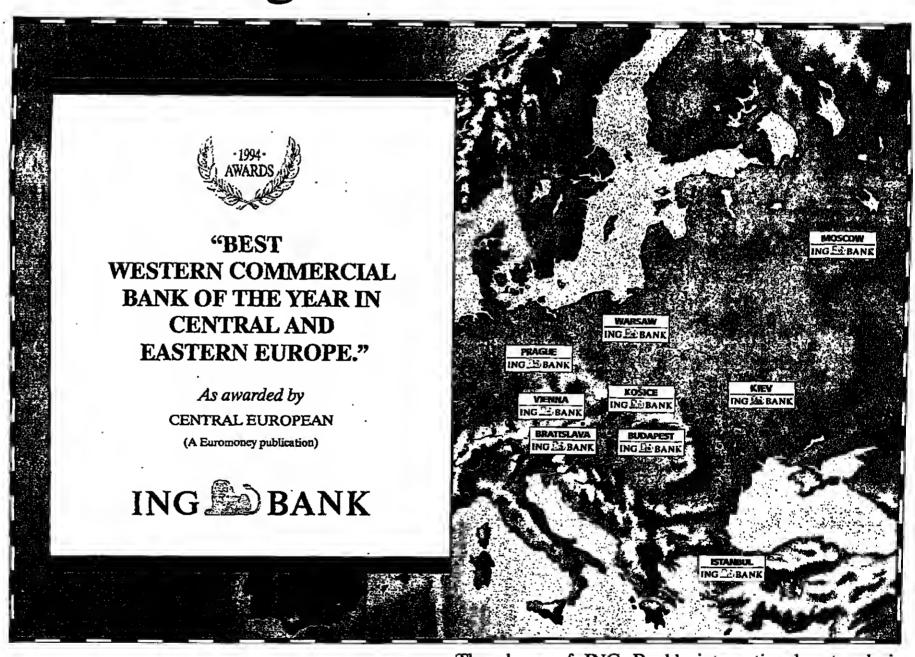
Mr Obeid resisted the argument that Egypt must devalue to boost non-oil export earnings from \$2bn a year at president to the \$2bn a year at president and \$2bn a year at \$ ent to the government's target of \$10bn by 1999. "There is no reason for the pound to fall, exports are already increas-ing," he said, citing a 16 per cent rise in exports last year

The government also fears a devaluation might prompt swift and hefty transfers out of pounds back into dollars, reversing the successful "de-dollarisation" of the economy over the past three years, while placing pressure on

reserves.

"We made it very clear we disagree," Mr Obeid said. "We will do what is right for the

Leaders in Emerging Markets Banking and Trade Finance.



Zimbabwe civil servants receive large pay rise

Zimbabwe's public servants, police and soldiers are to get an interim pay rise ranging from 10 to 23 per cent next month, at a cost of Z\$1.74bn (£146.6m).

In a country, where individuals are overtaxed, according to finance minister Dr Bernard Chidzero, the government has introduced a battery of tax-free allowances for public servants covering bousing and trans-

The chairman of the Public Service Commission said the increases, announced late on Wednesday night, were an interim measure designed to help civil servants cope with inflation of 24 per cent over

then past year. ries were - on average - 172 per cent higher than those in the public service while para-statal employees were paid 84 per cent more than civil ser-

The government was committed to redressing this situa-tion once it had considered the report of a British consultant. Further reviews of allowances for the police and the defence forces were under way, he

Ironically, the announcement follows increasingly shrill warnings about inflation-ary pressures in the economy from the Reserve (central) Bank of Zimbabwe.

The Z\$1.7bn pay award represents a rise of nearly 12 per cent in public spending in the 1994/5 fiscal year starting on

With the government likely to miss its budget deficit target of 5.4 per cent of GDP by a substantial margin – most estimates suggest a deficit in the current year to June 30 of around 9 per cent - the increase will not go down well with the donor community.

then past year.

He said private sector salates were - on average - 172

But with real wages having fall by a third in the last four years to a 20-year low, substantials. tial pay increases, next year as well as this, were inevitable, the more so ahead of next FebInternationale

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ruary's general elections. With inflation forecast to average at least 24 per cent this year, thispay award is not going to reverse the long-run downward trend in real

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ING BANK



Peter Sutherland: ratification

Salinas

backed

to lead

body

By Nancy Dunne in Washington

new trade

The leaders of 1B Latin

American countries and Spain

and Portugal bave endorsed

Mexican President Carlos Sali-

nas to head the new World

Trade Organisation, the Mexi-

can embassy in Washington

said yesterday.
The embassy said that lead-

ers reached a consensus on the

Salinas candidacy at the

fourth meeting of the Ibero-

American summit in Carta-

gena, Colombia. The decision

will give momentum to the

campaign on behalf of Mr Sali-

Brazilian diplomats in Lon-

don, however, cautioned that

it was premature to suggest

that Mr Salinas had unani-

mous support from the region,

and underlined that Mr

Rubens Ricupero, Brazil's minister of the economy and a for-

mer ambassador to Gatt, was the only candidate from Latin

America yet to have been for-

Mr Salinas is not expected to

elections in August. However,

his supporters both in and out-

side Mexico wanted to move

quickly to head off the candi-

Among Latin American offi-

would unite behind one candi-

larger International stature,"

said one official. "He is a very

Mexico acted swiftly and

the European Union was to

rally around its own candi-

date - Mr Renato Ruggiero, a former Italian trade minister.

strong candidate."

summit next week.

dacy of Mr Ricupero, 57.

mally declared.

Trade ratification 'a priority'

"The outstanding priority", argued Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade, in London last night, is "to ratify the Marrakesh trade agreements so that they can enter into force on the agreed target date of January 1 1995." Giving the third annual Havek memorial lecture at the Institute of Economic Affairs, the free-market think tank, Mr Sutherland said international economic relations would then

depend on achieving further

cuts in trade barriers and the willingness of members of the prospective World Trade Organisation to abide by the letter and spirit of the new

Mr Sutherland pointed out that in industrial countries there would still be tariff peaks in sensitive categories; that average tariffs would remain much higher in developing countries than in industrial ones; that most agricultural tariffs would be significantly greater than on industrial products; and that much nego-tiation remained to be done to

cial services. One reason for the spread of illegal obstacles since the late 1960s was the absence of third

party complaints against bilateral accords. But, stressed Mr Sutherland, a more fundamental threat to countries' willingness to abide by the rules and disciplines of the new WTO is concerns about implications for national sovereignty.

Arguing against this view, he indicated that the WTO did

not have the power to impose

new trade policy obligations.

and obligations of members are effective only for those countries that have accepted them. Also "some countries have interpreted the right to refuse panel findings as the prerogative of a sovereign nation. But what this amounts to is a country choosing to be above the law whenever it is inconvenient to observe the law."

More fundamentally, insisted Mr Sutherland, "if sovereignty is equated with the ability of a government to carry out its legitimate functions, the accep-

services, starting with finan- Agreement that alter the rights and procedures by governments around the world will increase the sovereignty of each and every one of them."

Meanwhile, an important challenge would be developing coherence between the Bretton Woods institutions (the World Bank and International Monetary Fund) and the WTO.

Another priority is expansion of the system, which now has 123 contracting parties, with 19 more - including China, Russia and Ukraine - now negotiating accession or

All Nippon, Delta agree to co-operate

All Nippon Airways, the Japanese airline, and Delta Air Lines of the US have agreed to co-operate in marketing and other services in the first such extensive link between a US and Japanese carrier.

The agreement, which comes amid fierce competition over trans-Pacific air traffic, "will possibly lead to a definitive marketing and business rela-tionship in the US and Japan," ANA said yesterday.

The Japanese carrier will co-operate with Delta through schedule co-ordination to facilitate connections between the two carriers, sharing of facilities and passenger handling and mutual participation in frequent flyer programmes.

The two companies will also explore opportunities for codesharing and blocked-space arrangements in the US and the Asia-Pacific region centred

Such arrangements would enable ANA to attract trans-Pacific travellers flying to US destinations to which ANA does not fly, by publicising easy transfer to Delta flights. Delta would have similar benefits in attracting travellers from the US to Japan. It would also benefit from being able to use ANA's facilities, including reservation facilities, through-

work in Japan and Asia. increasingly competitive environment, particularly in trans-Pacific travel, where low-cost

By Michiyo Nakamoto in Tokyo share from the leading Japa nese carriers. Japan's airlines have seen their profits eroded in the country's economic recession and as competition from lower-cost carriers has

There is a limit to compet. ing on your own," an ANA representative sald. There is a need to pull strengths together.

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The agreement follows a history of friction between the US and Japan over their bilateral aviation accord, which Japan claims unfairly benefits US carriers at the expense of Japanese airlines.

Also at issue has been access in and out of Tokyo's busy Narita airport and Japanese flight frequencies to the US.

The agreement also reflects the growing interest US airlines have in expanding their operations in the Asia-pacific region, which is expected to be the most promising growth market for air travel in the near term.

Japan Air Lines, the country's largest airline, said that it could also strengthen its competitive position through a similar tie-up and confirmed that it is in talks with other airlines about such arrange-

Recently JAL announced that it would be sharing flights with Air France from Paris to Osaka, when the new Kansai International Airport upens

All Nippon Airways is also understood to be discussing commercial links with British

China seeks to boost Concentrate effort, vehicle parts sector UK groups told

By Tony Walker in Beijing

China will give preference to foreign automobile manufacturers who demonstrate their commitment by launching vehicle component projects to satisfy the country's huge demand for components and spare parts.

Mr Ye Qing, vice-director of the State Planning Commission, yesterday outlined conditions for the entry of foreign carmakers after a freeze expires on new manufacturers at the end of

"All things being equal priority will be given to foreign partners who have shown good co-operation in the spare and component parts fields," Mr Ye told

China has not yet officially unveiled its new Industrial Policy for the Automobile Industry (IPAI), but companies such as Toyota and Mitsubishi, Ford and General Motors have been informed they have been excluded from establishing assembly plants until 1996 at the

Beijing has made it clear that it wants investment in its components sector which is backward, fragmented and inadequate for the demands of a

modern automotive industry. The car giants, who have been slow

to take advantage of opportunities in China, are being told effectively they have to prove themselves by going into

the components business. Most of the big car makers are presently investigating possibilities, including seeking joint venture partners in components manufacturing.

Foreign manufacturers who established an early presence in China such as Volkswagen have been accorded a significant windfall under the present freeze on entrants to the ranks of toternational companies involved in assem-

Mr Ye confirmed reports in the Chinese press that Betjing would establish three automotive conglomerates based on the Ist Auto Works in Changchun in north China where the the Audi and Jetta cars are being assembled; Shanghai where the VW Santana is being produced; and the 2nd Auto Works near Wuhan in Hubei province where the Citroen ZX small car is being assem-

China produced some 300,000 passenger vehicles last year and imported another 100,000.

The country plans to be producing some 1.5m vehicles by the end of the

British companies as well as government aid should concentrate on a few centres of economic growth in China in order to maximise their impact and build strong relationships, Mr Richard Needham, the British trade minister, said yesterday.

Speaking at a London seminar on the city of Suzhou, he said: "I do not believe that a scattergun approach to China works. You may hit the target but you are far more likely to miss it." He urged UK businessmen to consider Suzhon as one area to which they could establish a presenc

Mr Needham last year signed a memorandum of understanding with the mayor under which British companies are to be offered preferential terms for investment in Suzhou, which is 60 miles west of Shanghai, in return for co-operation on the city's development

He expected UK companies to be involved in a full range of activities, particularly infrastructural projects such as power stations, telecom tions, and a clean-up of the canal city's water, as well in manufacturing investment and services.

be a partnership with Singapore, which is building an industrial township to the east of the old city.

Mr Alan Barlow, a director of accountants Coopers and Lybrand, which has produced a report on the Suzhou plans, said: "We're piggy-backing on what the Singaporeans are

Mr Needham said this triangular approach would also be appropriate in other parts of China, such as in Wuhan in central China, where Hong Kong companies are beavily involved, and in the eastern city of Fuzhou, where Taiwanese companies might be involved. He said there were similar opportunities in Bangalore, India, where Singapore is building another industrial

Mr Needham said Britain must make clear its long-term commitment to involvement in China's development, to order to counter suspicions about London's intentions after sovereignty over Hong Kong passed to China in

Failure to build on British inves ment in Hong Kong - which he esti-mated at £50bn - would be a devastat-ing loss and put Britain's role a world power in question, he said.

Keeping politics out of the canal

Stephen Fidler on concern about its management by the Panama government in 1999

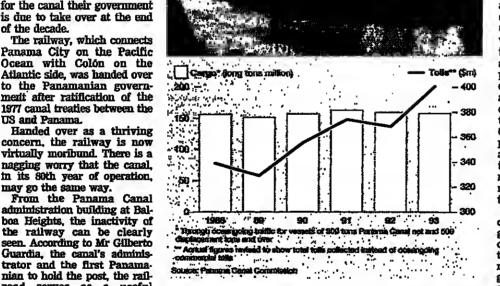
campaign for the new post, created by the Uruguay Round, until after the Mexican 7 hen some Panamanians look at what has happened to the railway that crosses their country, y despair of the prospects for the canal their government is due to take over at the end of the decade. cials in Washington it has been expected that the region

The railway, which connects Panama City on the Pacific Ocean with Colon on the date. "Mr Salinas has the Atlantic side, was handed over to the Panamanian government after ratification of the 1977 canal treaties between the US and Panama. Handed over as a thriving deliberately to the week before

nagging worry that the canal, in its 80th year of operation, may go the same way. Mr Roggiero is expected to win the formal endorsement of From the Panama Canal the EU, probably at the Corfu administration building at Balboa Heights, the inactivity of the railway can be clearly seen. According to Mr Gilberto In the US there is wide support for Mr Salinas, who is seen as eoergetic and ambi-Guardia, the canal's administious. However, it is thought that Mr Salinas first must be trator and the first Panama-nian to hold the post, the railthe candidate of the develop-ing countries before the US road serves as a useful reminder about what could announces its backing.
Mr Pedro Solbes, Spain's happen if the management of the canal falls victim to politi-

"There is a legitimate con-cern over the deterioration of the railroad," he says. "Evifinance minister, was recently quoted as saying that Mr Salinas was a "suitable candi-date", and that were he to be dently it's an agency that had its share of mismanagement appointed head of the organisation "we could not be in bet-ter hands". that was a result of its becom-

Panama Canal: the rise in tolls



great thing that that hap-

of the view of the canal, it's a canal will not be run as gov-Moves are already under way

Mr Ricaurte Vasquez, a former budget and planning minister, says the new government of Mr Ernesto Pérez Balladares, which will take office to September, "will have to send

ing politicised. From the point the world a signal that the ernment has run things in the

> to do just that. Measures are before the Panamanian congress designed to ensure that the canal is isolated from Panamanian politics and run as an

banded over at midday on only travel one way through To encourage this, the US

administration is expected to ask the US congress to approve changes to the Panama Canal Commission. These changes would convert the commission to a government corporation. allow the greater use of independent external advisers from countries other than the US and Panama, and allow the canal board the final authority to set toll rates. President Bill Clinton said the aim of the proposals would be to "facilitate and encourage the operation of the canal through an autonomous entity under the government of Panama after the transfer of the waterway." Whatever happens once the

canal is transferred, it is not going to affect the way the canal is managed in the meantime, says Mr Guardia. "We are managing it as if it were not going to be transferred," he says. The canal's maintenance plan is continuing - it is programmed until the year 2005 and a plan is going ahead to widen the canal at its narrowest point, the Gaillard Cut.

Work started in January 1992 on this \$200m (£132m) project - which will allow two-way traffic 24 hours a day for the largest "Panamax" ships which

independent business after it is can now, for safety reasons, the eight-mile channel during darkness.

Meanwhile, the canal is seeing the benefit of the revival of the economy in the US, officials say. Some 13 per cent of US trade still passes through the canal-despite the growth in container traffic across the US rail network - and the US remains the largest user of the canal. Revenues rose to more than \$400m in the last financial year ending September 30 for the first time, despite a fall in tonnage through the canal, thanks to higher tolks.

Canal officials say that higher tolls have not been responsible for the fall-off in traffic since 1991 and assert that even if tolls were eliminated completely most container traffic now using the US rail network would still use the route. The highest tonnage ever went through the canal to 1982 - the year a new oil pipeline opened across the isthmus. But no toll increase is

planned for this year after the 10 per cent rise that took effect in October 1992. "We don't envisage a toll rate increase next year either," says the administrator. "There is a possibility that we may go through 1996 [without an increase] but it's early to say."

out the carrier's extensive net-The deal highlights the later this year. US carriers have taken market

NEWS IN BRIEF Polish group to make Spanish cigarettes

Spanish cigarette brands will be made in Poland from this autumn under an agreement between the Tabacalera tobacco group and Polish state company ZPT Radom, writes David White in Madrid.

The accord marks the first foreign manufacturing investment by the partly-privatised Spanish company. It is the latest in a series of agreements between Polish cigarette manufacturers and international groups.

Tabacalera said it would spend about Pta750m (£3.64m) on the Polish project. Apart from licensed production of Tabacalera's Fortuna and Winns brands, the two companies plan to introduce a new brand through a joint venture 51 per cent controlled by the

Spanish partner.

Tabacalera will supply packaging equipment and raw materials and will take charge of promotion, with the Polish company responsible for production and distribution. Tabacalera said Poland ranked eighth among world markets for tobacco products with one of the highest per capita consumption rates of 7.28 cigarettes per day, compared with 5.6 in Spain.

Further deals are under discussion in other foreign markets in

an effort by Tabacalera to offset a gradual decline in domestic

US, Japan to reopen glass talks

The US said yesterday it would resume negotiations with Tokyo over a glass trade dispute, Reuter reports from Washington. The office of Mr Mickey Kantor, US trade representative, said the two sides had decided to bring the flat glass sector under their trade framework negotiations.

In 1982 the Japanese government agreed to take steps to improve market access to the glass sector. improve market access to the glass sector.

"Despite this commitment and concerted efforts by US and other foreign firms, imports into Japan from foreign flat glass manufacturers unaffiliated with Japanese glassmakers fell from 5.1 per cent to 1992 to 3.5 per cent in 1993," the office said.

Strong yen lifts car imports

Sales of the big three US carmakers in Japan have surged recently with the help of the strong yen and more aggressive marketing, writes Michiyo Nakamoto to Tokyo. Japanese sales of GM, Ford and Chrysler from January to May doubled from the same period last year to 16,531 units, according to the Japan Auto importers Association.

importers Association.

While the yen's sharp appreciation has made US cars more affordable, the rise in sales was also helped by the greater awareness among Japanese consumers of US cars. Ford has launched prime-time advertising on Japanese TV and is putting the Ford name on dealers previously known as Autorama, which it owns through a joint venture with Mazda.

Toyota to buy more US-built parts Toyota of Japan plans to increase its purchases of US-built parts by nearly 40 per cent in the next three years, AP-DJ reports from

Nearly all the increases will be in parts used by Toyota's US manufacturing plants. The carmaker spent \$4.65bn (£3.1bn) on US-built parts in the year ending in March 1994. Toyota projects that the total will reach \$6.45bn for the year to March 1997.

"Growth will continue as long as American suppliers continue working to shorten their lead times, to raise their quality and to lower their costs," the company's international purchasing manager, Mr Koichiro Noguchi, said yesterday. He said there was considerable room for improvement. US suppliers met their deadlines for developing part prototypes only 47 per cent of the time in work on the new Toyota Avalon, which begins production in

IBM in Asian shake-up

IBM is to concentrate its south-east Asian computer processing operations in Australia, writes Nikki Tait in Sydney. The US company said that following a review of its requirements for the Asian region, it had decided to consolidate operations in two countries – Japan and Australia – instead of handling the work in each individual country.

in each individual country.

A new centre, possibly in Sydney, will administer all IBM's business processing for the south-east Asian nations, ranging from customer ordering to maintainance. Government ministers said that the decision could lead IBM to boost investment in Australia by over A\$300m (£144.2m) during the next five years and create up to 375 additional jobs.

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	B4	Office/retail	1B.100
	B5	Retail/resideotial	21.700
	Bó	Office/retail	1B.300
	B7	Office/retail	18.300
	B8	Residential/retail	1B.500
	B9	Residential	10.600
	UG	Car park/stores/tech bldg services	107.000
C	CI	Office	43,400
D	Dl	Casino	B.000
	D2	Theatre	13 500

There will be a limited invitation to tender for the following services as part of e participation review under the control of VOD/A.

- 1. Carcass work 2. Cladding
- 3. Waterproofing of roofs 4. Lift installations

The services will be awarded separately in accordance with beadings 1 to 4.

The building spoosor reserves the right to select applicants without constraint.

It is planoed to award the building services separately for individual buildings or groups of buildings.

Planned completion times:

Building C Building A2 - A5 Building B5 - B9 Building A1/B1 Building D1 - D2 Building B3-4

January 95 - November 96 May 95 - November 96 July 95 - April 97 September 95 - June 97 November 95 - February 97 October 96 - May 9B

Please eoclose the following documents with the application as evidence of capability:

- 1. Turnover of company in last 3 trading years in relation 2. References with details of contract size and contract
- 3. Number of employees broken down into occupational
- category. 4. Technical resources available.

Applications must be seot lo writing by 24.6.94 to our company in charge of project control:

DREES & SOMMER AG Projektmanagement uod technische Beratung Obentrautstraße 72 D-10963 Berlin TeL: 030/21 50 95-0 Fax: 030/21 50 95-20

sh group:

I had to

7.5% tg /₂

Big rise in spending on research and development but still behind rivals as share of profits or sales

R&D growth ahead of world competitors

By Daniel Green and Clive Cookson

UK company spending on research and development is growing faster than that of its main international competitors and, for the first time in at least four years, faster than dividend payments to shareholders.

UK R&D spending rose 9 per cent to £7.1bn, according to the Department of Trade and Industry's R&D scoreboard, published today. It also shows that the UK has a long way to go before it catches other countries in terms of R&D spending as a propor-

Retail sales

levelling off

Growth in retail sales levelled

off in May compared with April although the underlying

trend points to a subdued rate

The Central Statistical Office

said yesterday the retail sales volume in May was e season-

ally adjusted 3.9 per cent higher than the previous May.

This was slightly slower

than April'e figure, which was

revised down yesterday to 4.1

per cent from the 4.4 per cent

But comparing the two

months, the index showed the

volume of eales was

unchanged, after growing by 0.5 per cent in February and

The British Retail Consor-

tium, the main industry body, yesterday made light of this flattening off and pointed out

that the underlying trend

Mr James May, director-

general of the consortium,

said: "This shows that consum-

ers are still willing to spend in

basis - an indicator econo-

mists believe is a better guide

to the trend - retail sales grew

by 0.9 per cent in the three months to May compared with

the previous three months, and

were up 3.9 per cent on the

same period last year. This rise

was spread fairly evenly across

the sectors, with all the non-

food sectors reporting rises of

about 0.8 per cent in the three

months to May, compared with

slightly better rise of 1.3 per

wear and clothing was the

Food retailers reported a

Within the last month, foot-

the previous three months.

cent during this period.

Spurs to

appeal

against

Measured on a three-month

soite of the tax increases."

remained positive.

published last month.

growth figures

tion of sales, profits or dividends.

Mr Michael Heseltine, secretary of state at the Department of Trade and Industry, said the figures were "very encouraging" although "there is still some way to go to catch up with the world's best standards."

The scorecard measures R&D spending anywhere in the world by companies based in the UK. The international top 200 companies

devoted an average 4.85 per cent of 1993 sales to R&D, compared with 2.29 per cent for the 13 British companies

most sluggish eector, with sales volumes falling by 1.7 per cent in May, after surging in

Economists said this dip was

partly due to poor weather at

Housebold goods, by con-

trast, grew by 1.7 per cent last month, after falling back in

April, in spite of this, the con-sortium said the furniture and

carpets sector continued to be

affected by the uncertainty in

This was also undermining sales of DIY and electrical and

electronic goods, the consor-

tium added. Sales of televisions

and hi-fi goods were up com-

pared with last year, while white goods sold at the same

Retailers continued to face

intense cost competition, with

consumers remaining very

price-sensitive, the consortium

This trend was most sharply

indicated in the monthly

bousehold goods data, where

the total value of sales fell by 3

per cent in spite of the growth in volumes. The figures were greeted with some relief in the

City, where some analysis had

feared sales might dip slightly

after a Confederation of British

Industry survey earlier this

week reported retailers had

omist with Midland Global

Markets, suggested that one

reason for the discrepancy

between the CBI survey and CSO might be that the CBI sur

vey gave more weight to the

performing better than small

ones, according to the CBI, this

might explain why the tone of

the CBI survey was less opti-mistic, he said.

Since large retailers were

voice of smaller retailers.

become more pessimistic. Mr Ian Sheperdson, UK econ-

the housing market.

But the rise in the total R&D spend last year of the top 200 international companies was just 2 per cent, less than one quarter of the increase of the top 100 in the UK.

General Motors of the US was the world's biggest R&D spender with a budget of more than \$4hn. It is followed by German engineering group Daimler-Benz, Ford Motor of the US and Japan's Hitachi.

Those three nationalities dominate the world's top 20 which has just one representativa from France, the Netherlands and the Swiss-Swedish Asea Brown Boveri. The biggest UK spender, drug company Glaro, is ranked 42nd

However, the UK's pharmaceuticals industry stands out as central to the country's R&D effort. Four of the top six UK spenders on R&D are drugs companies (Glavo, SmithKline Beecham, Zeneca and Wellcome) and the pharmaceutical sector carries out 31.8 per cent of all industrial R&D in

Among the top 200 international companies, the sector accounts for only 8.8 per cent of all R&D spending.

is mixed. Engineering companies spent 10 per cent more than in 1992, led by Rolls-Royce and British Aero-

But electronic and electrical companies spending on R&D fell by 1 per cent. And spending by oil companies fell by 5 per cent. BP cut its budget by one quarter. Mr Heseltine refused to criticise particular companies for spending too little. "I would not seek to put my judgment as a politician into the minds of individual boards of directors."

New skills sought in transport projects

By Charles Batchelor,

A new breed of entrepreneu projects, according to Mr Pen Kent, the Bank of England

expect a single group to have all the skills needed to design, build, finance and operate transport projects such as road bridges or railway lines, he told a Financial Times conference, Transport in Europe.

The government had come a long way in its approach to the involvement of private finance but further changes were needed if private funding was to be found for the more than 100 projects in fields which also included bealth. ducation and prisons. Treasury guidance on the pri vate finance initiative issued

public sector, he said. So many companies were being asked to tender for some projects that their combined costs of preparing bids were higher than the value of the contract. Departments must also provide sufficiently detailed speci-

finance initiative.

able to master a wide variety of business skills will be is to be brought into transpor member of the government's private finance panel.
It was unreasonable to

earlier this year had still not fully sunk in throughout the

fications of projects. But the private sector should not for-get that civil servants were

taking risks in agreeing condefend before the public accounts committee. Sometimes public accounting conventions, including the government's insistence on not committing funds for more

than one year, posed a real difficulty for the private

Court challenge by the Liberal Democrats to Mr Huggett's

Britain in brief



700 sacked on Severn bridge project

Over 700 construction workers on the second Severn crossing were dismissed as they staged a 24-hour strike over pay. Work on the £300m bridge, between England and Wales, is expected to be at a standstill The privately-financed

bridge is being built by Severn River Crossing, a UK-French consortium with John Laing-GTM Entrepose as main contractor. Laing-GTM said last night letters had been posted to everyone who took part in the strike, telling them they were being dismissed for breaching their terms and conditions of employment. The workers, members of

Ucatt, TGWU and GMB unions, voted in favour of limited industrial action at the start of this month. They intended to stage a secon 24-hour strike next week. Most of the men dismissed were working on the English side of the bridge, and about 100 on the Welsh side.

Net book judgment

The net book agreement, a pricing pact by publishers which prevents most books being sold at e discount, should not be allowed to continue, the advocate-general of the European Court in

Luxembourg advised. The opinion applies only to the trade in books between EU member states, and not to book sales within the UK. It could affect, in particular, books exported from the UK to Ireland.

The view of advocate general Carl Lenz is not binding on the European Court but the court'a decisions are usually in line with its advisers' recommendations. A final decision is expected before the end of the year.

City cordon permanent

barriers set up in the City of London in the wake of last year's Irish Republican Army bomb attack are to become permanent from today. The City of London

Corporation said the scheme had brought about a dramatic cut in the local crime rate. an improvement in traffic circulation, and a reduction in pollution.

ESOPs seen as big bonus

An overwhelming majority of non-quoted companies with employee share ownership plans (RSOP's) believe they improve their corporate motivation of their workers, according to the annual survey published yesterday by the

ESOP Centre. More than four out of fiva managers say their employees of the ESOP, a 75 per cent increase on the figure in the last survey in 1992.

Three in race for Labour

The contest for the leadership of the opposition Labour party, vacant after the sudden death of John Smith, will be between three MPs who have attracted enough nominations to enter an election. They are Tony Blair, 154; John Prescott, 46; and Margaret Beckett 42.

'Terriers' for Falklands

Soldiers from Britain's part-time volunteer Territoria Army serving in Northern Ireland are to be sent to the Falklands for a tour of duty for the first time.

The volunteers will enlist into the regular army for the tour and are expected to rejoin the TA on their return to

Terminal for tunnel traffic

Work on the development of the Daventry International Rail Freight Terminal should start by the end of the year, following the decision of the Department of Environment not to subject the project to a public enquiry.

Daventry District Councit

has already stated it is prepared to grant plannin permission for a rall port with 2.3m square feet of manufacturing and distribution space.

Abbcott Estates, the developer, in which Severn Trent Water has a majority stake, said the finished scheme would have a value of £140m. The terminal will compete for Channel tunnel traffic with Hams Hall, near Birmingham, being developed by Trafalgar House and PowerGen.

French forum for Teeside

A French Business Council, based in Teesside, north-east England, has been set up to improve commercial, training and educational links between the region and the French-speaking world. The Department of Trade and Industry is providing financial support for the council's first three years.

Tory Party chief to quit

Sir Norman Fowler is to stand down as Tory Party chairman but will carry on in the job until his successor is named, he announced yesterday. He pledged to John Major that he would give him "the sturdiest possible support from the backbenches through to the next election and beyond". This was an critics on the Conservative benches will have to face a counter-attack from Sir Norman and other loyalists.

Vote for women priests Scottish Episcopal Church today voted in favour of ordination of women et annual

Mr LG Pathak began by sell-

ing samosas from home to

shop. The business expanded into pickles and coutneys and,

although it has now risen to

the number two Indian foods

brand and has about 200

employees (Sharwood'e, owned

by conglomerate Tomkins, is

the leader), Kirit Pathak's wife,

Meena, still directs recipe

The Liberal Democrats, Britain's second opposition party, are taking legal action **FA** penalty to have the result of last week's European parliamentary election in Devon and

By William Lewis Mr Alan Sugar, chairman of Englieb football club Tottenham Hotspur, last night got board backing for his appeal against the Football Association's penalties for financial irregularities.

He bas decided to appeal

against the £600,000 fine, points deduction and FA Cup expulsion - even though it opens up the possibility of a more severe penalty from the FA. Yesterday's moves came after the FA found that Spurs

had contravened association rules in making interest free loans - allegedly totalling more than £400,000 - to players between 1985 and 1989. Mr Sugar said yesterday: "I have been shocked by the manner in which this club has been

dealt with for what I consider to be coming clean."

If the club's sppeal against the FA punishment fails Spurs will seek an independently chaired arbitration hearing, as

permitted by FA rules. But Mr Sugar ruled out the possibility of subsequent court action on the issue. "At that point we will have to accept the outcome," he said.

However, Mr Sugar said he would consider suing the FA if it failed to investigate loans and *ex gratia* payments made to players by other Premier

League clubs. He said he knew of two clubs that had recently settled claims with the Inland Revenue, one for about fim, and two others that were in the process of being investigated. The FA inquiry centred on loans made to players before Mr Sugar took over the cluh in 1991. However Mr Sugar admitted yesterday that after being told of the loans he delayed two years before notifying the FA in September 1993.

Lib Dems in legal challenge to poll defeat

The CrossRail project to create an underground link across London from east to west may have

been thrown out by a parliamentary committee but work is continuing on the design of the £2bn

made to revive the project. Supporters have written to MPs urging them to back a motion to send the bill back to the four-man committee which originally rejected it. The project was turned down

link. A full scale mock-up of the train went on display in London yesterday. Attempts are being

because of revised traffic forecasts and fears it would not attract private sector finance.

By Roland Adburgham, Wales and West Correspondent

Plymouth East declared void.
The seat was held by the Conservatives with nearly 75,000 votes, a majority of 700 over the Liberal Democrat Mr

confusion deprived them of what would have been their third European seat. Mr Graham Elson, the par-

ty's general secretary, said yesterday "several hundred" people had already said they had been misled into voting for the Literal Democrat, Mr Richard

"Many people in the constituency feel cheated - that they

Democrat polled more than 10,000 votes. The Liberal Democrats believe the "lookalike" them by Mr Huggett and were disenfranchised," he said.

The Liberal Democrats, after advice from counsel, are to

issne an election petition against Mr Frank Palmer, the returning officer, and against the winning candidate, Mr Giles Chichester. A hearing by the electoral court - presided over by two High Court judges - might take place within weeks. If the petition is successful, the court could order the election to be rerun.

described an electoral petition as an "extremely rare phenom enon which is treated by the courts with the utmost priority". He believed the last successful petition after a parlia mentary election was in 1952. Mr Palmer, chief executive of South Hams district council and a returning officer for nine years, said yesterday: "I felt

the nomination was validly submitted and I did not have the power to invalidate it."

Advice to returning officers

tional claim over Northern

Ireland and whether it should

set out a specific blueprint for the future, or simply provide a

starting-point for, new talks.

Sir Patrick was supported yesterday by Mr Kevin McNs-

mara, opposition spokesman

on Northern Ireland, who

description must not be more than six words nor obscene but there was no copyright over party names. Before the election, s High

nomination was unsucce The last occasion on which the courts overturned the outcome of a parliamentary election was in July 1961 when Mr Tony Benn was barred from the Commons after inheriting the title of Viscount Stansgate.

general Synod in Edinburgh. are more productive because Red-hot sales for small company with big aims

les and pastes to ready-to-eat mini-pappadums.
Indeed, so many pots of

Patak's were picked from supermarket shelves during last year thet the small Wiganbased family firm found itself in the unlikely position yesterday of owning the UK's fastestgrowing consumer goods

Patak's achieved a red-hot 92 per cent growth in retail sales in 1993, according to figures collected by Nielsen, the market intelligence company, which were published in the trade magazine Marketing's annual Biggest Brands survey. Says the magazine: "So used

are we to seeing the Procter & Gambles and Unilevers dominating Biggest Brands that It comes as something of a shock to discover that our fastestgrowing brand this year is owned, not by a multinational with an advertising budget to match, but by a family-owned foods company with a TV pres-ence you'd need tracker dogs

Procters had to be content with second place on the list of

"Pukka People Pick a Pot of Patak's," runs the television severtising for Patak's Indian foods, which range products to the LTK's factors. the UK's fastest growing brand

> fastest-growing brands, with 77 per cent growth for Always, its sanitary towels with "wings"; third, with 45 per cent growth, was Eternity, the Calvin Klein fragrance for men.

Compared with the big boys, Patak's sales are tiny: trade estimates put the company's annual turnover at £15-20m, about one-third of that going in overseas business. This compares with the number one retall brand, Coca-Cola, which had sales of over fallm in the UK alone last year and spent an estimated £9.1m on advertising, compared with Patak's 2500,000.

But while some of the largest food brand names strive to inject a home-made, family feel into their mass-produced products, Patak's can justly claim to be the real thing. The company was founded in the 1950s by the father of the current chairman, Mr Kirit Pethak, and is still entirely family-

development. The company reckons to supply 90 per cent of the UK's Indian restaurants, as well as becoming an increasingly familiar name on the shelves of the largest retailers. Patak's surge in growth came a year or so after the

company took on its first nonfamily director, Mr David Page, in 1991. Mr Page, who formerly ran Campbell's grocery products in the UK, met Mr Kirit Pathak at a dinner party and ended up as managing director. Deciding initially to spend money on TV advertising was, says Mr Page, "the big pill for us to swallow in terms of costs" but it gave the company the boost it needed.

"We're big believers in 'if it ain't broke don't fix it'. We intend to continue with exactly the same strategy," he says.

Adrian Sanders. But a candidate calling himself a Literal Mr Piers Coleman, solicitor had their votee stolen from Euro-poll 'backs Ulster peace plan'

By David Owen Sir Patrick Mayhew yesterday

claimed that last week'e Euro-pean elections had given London a democratic mandate for pressing ahead with efforts to forge a lasting political settlement for Northern Ireland. On the eve of today's inter-

govsrnmental conference between British and Irish min-isters in Dublin, the Northern Ireland secretary told MPs that more Ulster voters had voted for candidates "supportive of or acquiescent in" the Downing Street Declaration than for candidates who opposed it.

Last week's poll was topped by Rev Ian Paisley, leader of the bardline Democratic Unionist party, who chose to run his campaign as a referendum against the declaration. But his majority over Mr John Hume, leader of the mainly Catholic Social Democratic and Labour party, was much

reduced Mr Paieley nevertheless

summit in mid-July. good progress on the docu-ment, which is designed to

claimed earlier this week that he had achieved what he set out to and bs wanted an urgent meeting with Mr John Major, the prime minister. Today's conference, which will be attended by both Sir an explicit commitment by

Patrick and Mr Michael Dublin to rescind its constitu Ancram, Northern Ireland minister, is expected to focus on making further progress on a framework they hope to complete in time for an Angio-Irish The two sides have made

help forge a durable political settlement in the province by spurring political talks involving Ulster's main constitutional parties. have emerged over whether

But potential sticking-points the agreement should contain

called for republican leaders to renounce violence in view of the "strong mandate" the elec-

tions had given to parties seeking peace. Sinn Féin, the IRA's political

wing, saw its support advance by 1 percentage point to 10 per

Go-ahead for dairy industry shake-up tition authorities will be moni-

By Deborah Hargreaves

The British government yesterday gave the go-ahead for the biggest shake-up in the dairy industry in England and Wales for 60 years by approving plans to liberalise the 63.3bn milk market.

The announcement ends six years' of uncertainty over plans for the dairy sector after the future of the Milk Marketing Board was first questioned in 1968. Mrs Gillian Shephard, agriculture minister, approved a scheme by the milk board to set itself up as a voluntary

farmers' co-operative called Milk Marque, This leaves dairy companies free to buy their milk directly from farmers from November 1. But Britain's dairies still

hald reservations about Milk Marque's plans for sales under the new market rules fearing the co-operative would retain too dominant a position. The Dairy Trade Federation which represents dairy companies, has threatened legal action. Mrs Shephard recognised

purchasers' concern that Milk

Marque might abuse its domi-

nant position, "but the compe-

toring them very closely from the start of operations and there is no reason for Milk Marque to act unreasonably," she said. Farmers which have already signed up with Milk Marque have a 2-week cooling off

dairies expect the new co-operative to gain control over at least two-thirds of supply. Mrs Shephard said that consumers should not expect to pay a higher price for milk under the new market rules

even though farmers were

period to reconsider, but most

expecting price increases Mr Andrew Dare, chief sxecutive of Milk Marque, agrees that there will be slight increases in prices to farmers on average "not miles beyond the rate of inflation." He said British farmers received belowaverage EU prices.

strained by EU quotas which will tend to push prices higher hut Mr Dare eaid imports would be sucked in from the continent if prices rose too high. The next 4 weeks will see a scramble in the dairy industry to secure milk supplies.

Supply continues to be con-

CHRISTOPHER LORENZ

Learn the lessons of history

Unlike counterparts in politics, the armed forces and the legal profession, many business leaders would agree with Henry Ford that "history is bunk". They see little use for it. The loss is theirs – and that of

their employees and shareholders. If Kenneth Olsen, founder and former head of Digital Equipment, had had a better grasp of Amer-ica's 19th century industrial history, his company might not have plunged into the deep trouble in which it is now struggling. The same is true of IBM, Kodak and a string of other leading companies on both sides of the Atlantic that are having to go through fire to

They are suffering from a phenomenon that has plagued successful large enterprises at least since industrialisation began: the tendency to react inappropriately to a technology or other kind of radical innovation that threatens their core business.

Some companies fail to notice an innovation until it is too late. Others reject it, re-investing desper-ately but usually ineffectively in their existing technology or business. Still others embrace it, but only half-heartedly.

Whatever their reaction, the net result is what James Utterback, a professor at the Massachusetts institute of Technology, calls the disturbing regularity with which leading companies "follow their core technologies into obsoles-cence and obscurity".

In different ways, Digital and IBM both mishandled the emergence of personal computers, under-rating vastly the impact that PCs would have on their mini and mainframe husinesses.

Digital then compounded the problem by its schizophrenia towards new Risc (reduced instruction set computing) architecture for computer workstations. It was slow to move into it and, torn by its long commitment to its old VAX technology, continued to make parallel investments in the latter for far too long. As a result it was torn by indecision

their and turf warfare. By contrast, its arts in smaller arch-rival Sun Microsystemed tems broke single-mindedly with its old workstation technology and prospered.

Digital was probably more at fault than most companies. For, as Utterback shows in a fascinating and very readable new historical study* of how companies can seize the initiative in the face of technological change, one of the most instructive past examples occurred in Digital's own Massachusetts backyard.

Over the four decades to 1860. the New England ice-cutting industry built a formidable deliv-ery business across large swathes of America. The New Englanders invested steadily in so-called "incremental" innovation, improving their processes and productiv-

But then a threatening "radical" innovation arrived: mechanical

In many industries radical innovations almost always come from outside the industry

ice-making machines from France, which allowed the product to be made near its markets. Over the next 30 years machine-made ice took over from the natural variety, even though the cutters ploughed more resources than ever into process improvements. But they steadfastly refused to embrace the new. None even experimented with carrying their ice south in refrigerated ships. Utterback's book is full of such

examples. They include the selfdefeating ways in which companies and their famous leaders -even the redoubtable Thomas Edison - reacted to successive 19thcentury innovations; how Remington came to dominate the new typewriter industry only to cede leadership to IBM 80 years later when the electric age arrived; and the near-lethal resistance of Goodyear and Firestone to Michelin's radial tyre technology in the

Only in what Utterback calls

non-assembled products, such as tyres, glass, and other continuous processes, do incumbents such as Michelin have a good track record

Utterback's analysis offers many other lessons for the hard-pressed modern manager. They include: • Radical innovation is uncomfortable, but vital. If a company does only short-term, incremental innovation, it is failing to prepare for the future. It is hastening the inevitable decline of its business.

• Most radical innovations are less surprising than they seem. They exist in embryo for many years before they become commer cially significant, and are based on well-known technical informstion or components - which

defending companies sometimes

in either pioneering the new, or switching to it when under threat.

possess themselves.
Yet in many industries radical innovations almost always come from outside the industry. So "benchmarking" and the collec-tion of competitive intelligence-should not be limited to industries resembling one's own. Instead, new company activity in other fields should also be monitored. ● It is hard enough for a com-pany to follow a "dual strategy" of defending its old technology and developing the new. Doing so in the same part of the organisation is a recipe for conflict and suppression of the new. Part of the solution is to establish a separate

and very independent unit. The trouble is that most such units bave always suffered an unfortunate fate, which Utterback does not discuss. The moment they have shown signs of success, they have tended to be wrapped back into the main organisation, and their innovative drive stifled rather than spread.

IBM might not be in quite such a mess today if, instead of follow-ing this predictable pattern, it had given its originally independent PC unit longer life, and cloned the same approach for other innovations. But. like Olsen, IBM's recent leaders never bothered to learn such lessons from history.

* Mastering the Dynamics of Innovation. Harvard Business School

dward de Bono can barely keep the scorn from his voice as he dismisses the teachings of Socrates, Plato and Aristotle. The Gang of Three, as he calls them, have locked western societies into rigid patterns of thought that have sapped our energy and creativity, leaving us illprepared for a world that is changing rapidly.

Luckily there is a saviour in sight in the shape of de Bono himself. The man who introduced the world to lateral thinking has come up with a new process, the Six Think-ing Hats, with which he feels he has trumped the classical philosophers once and for all.

Sitting over a glass of water at the Criterion Restaurant in London he fires off a description of the Six Hats, impatiently shrugging off questions, especially the sceptical ones. These hats promise to make every manager - nay, every human being - more effective, he says.

By making all participants think in parallel the system can cut meet-ing times in half. For the average manager, who spends 40 per cent of each day in meetings, the savings could mean the equivalent of an extra day a week.

The six hats are already well

established in the US. IBM, Du Pont and Federal Express wear them. So does the Mormon Church. In Japan NTT has been converted to six-hatted thinking, as has Marzotto in

But in the UK they are still pretty obscure, hence the thinker's flying visit. On Tuesday night he packed the Institute of Directors to explain the principles to business leaders and a few politicians. "The Six Hats are a fundamental change in the basis of western thought," be explains. "The standard way of discussion is to discover the truth by naming an untruth. This is very limited. My method gets away from that to parallel thinking." The method may be revolutionary

and universal, but what exactly is it? De Bono explains that each hat has a colour and stands for a particular thought process.

The white one is for gathering information. The red is for feelings and emotions. The black hat is for caution, criticism and assessing risks. (British people are particu-larly fond of this one, he says, and warns that it should not be overused.) The yellow one is for looking at benefits and for studying feasibility. The green hat is for new ideas and possibilities. And the blue one is the "meta" hat which manages the whole thinking process.

At any one time everyone in a meeting wears the same colour hat, and together they work through the colours to consider the issue from

De Bono is unimpressed by any



Put on your thinking caps

Edward De Bono tells Lucy Kellaway about the benefits of his new Six Hats approach to meetings

gimmicky way of describing what clearer. Everyone uses their full we do anyway. "I did an experiment intellectual borsepower, as each of 250 executives in Canada. I divided them into two groups, and asked one to judge a subject, and the other to judge it wearing the Yellow Hat for 2 minutes and the

Black Hat for 2 minutes." The group that used the hats performed three times as well as the other group, which looked at the pros and cons in an undisciplined way. "The chemical setting in the brain is different when thinking positively and negatively. If you try to do both at the same time you do not do either properly," he explains. But might not some people find it irritating to be told what sort of hat to wear? Not a bit of it, he says, the hats help people think better, and as as soon as they realise the advantage there is no stopping them.

Apparently at the Prudential in Canada the hats have been woven into the carpet. At Marzotto in Italy there are hat posters plastered over

By getting all participants to think in parallel the discussion becomes faster, the final decision intellectual borsepower, as each person is forced to be positive, negative, creative and so on. The hats also do away with egos and politics, as there is no scope for people to block ideas by wearing the black hat throughout.

Asking people to wear different coloured hats may bring ont thoughts that would otherwise have been suppressed. At a meeting of US senior executives from Rothmans, the tobacco multinational, De Bono asked whether the company should set up clinics to help people stop smoking. With red hats on, two thirds said it was a good idea. "That would never have emerged in an ordinary discussion. They may not want to set up a clinic now, but may keep it for next time they are

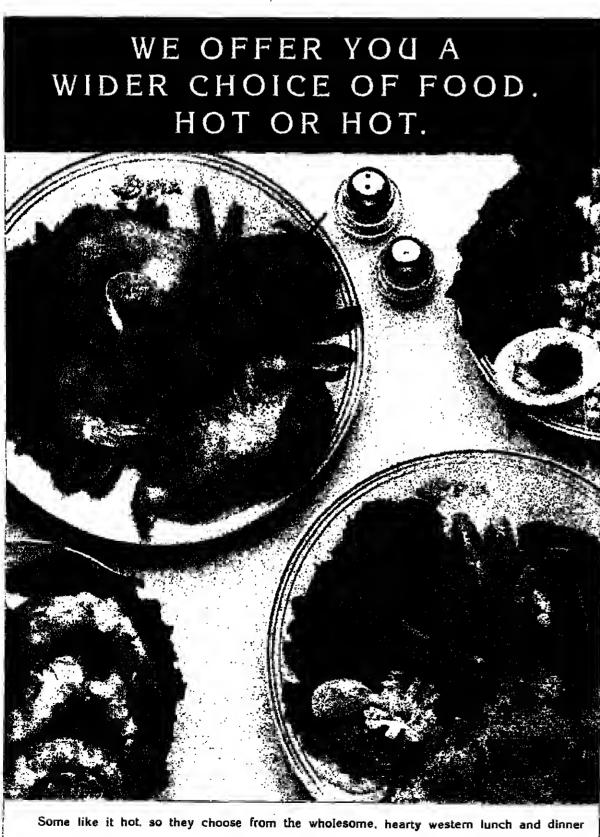
really under pressure," he says. He claims his system translates into all cultures; in Japan it allows subordinates to express their feelings or to point out a danger, in a way that would otherwise be unthinkable. At The Sowetan, a South African newspaper, it has

been used as a way of discussing

complicated emotional issues with-out becoming too bogged down. De Bono thinks the Six Hats may gain an even greater hold than his earlier work because it is both simple and universally applicable. Indeed, it is so big that he feels he cannot carry it alone. "If it just depends on me, then I am restricted on the time I am available and on price." He has decided to franchise his ideas, and has already licensed 200 trainers in the US to spread thegospel. This week he announced that Svend Hoist, a training consuitant based in Buckinghamshire, will"

be his UK disciple.

De Bono thinks the system goes far beyond meetings between man-agers: politicians and families could wear the hats to advantage. "I'd like to see Parliament using it," he says, giving his only smile of the interview. This is meant to acknowledge that he cannot see it happening. I'm not so sure: I can just hear Batty Boothroyd, the speaker of the House, saying: "Will Right Honourable members now put on their Green Hats."



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Constructive

Mark Creedy has been

appointed as managing direc-

tor of Chartwell Land, the

property subsidiary of King-

Creedy, who is curreotly a

director of Chartwell Land

responsible for investments.

will replace Alan Jones who

left last month to set up his

own property business. The job involves taking

responsibility for Chartwell

Land's investment and devel-

opmeot activities. In addition,

Creedy will bold joint responsi-

hility for the management of property initiatives and ser-

vices across the Kingfisher

Before joining the group in August 1991, Creedy held direc-

torships with Stockley and

B&C Properties, a subsidiary of

British & Commonwealth Hold-

fisher, the retailing group.

careers

ters of the 75m square feet of space it occupies, has the third largest corporate property port-folio in the UK. But by 2010, it wants to dispose of virtually all its property which is, or will have become, obsolescent.

"In the UK we have too much of the wrong quality of space located in the wrong location costing too much to run," said Mr Alan White, BT's group property director.

BT's running costs for its properties total £1.1bn a year, its third largest expense after salaries and depreciation. "It was not until the end of the 1980s that there was a realisation that property cost what it did. It came as quite a shock." said Mr White.

The telecoms group believes it now has the opportunity to slash its property costs. It has embarked on a big rationalisation programme which will reduce its workforce from 240,000 in 1987 to about 110,000 by 1998. Moreover, BT believes it will be able to reduce its operational sites - such as tele-phone exchanges - from 6,000 to 500 within the next 10 years. A smaller workforce will cut BT's property requirements. The company plans to reduce its property portfolio from 75m sq ft to 15m sq ft by 2010, slash-ing annual running costs from £1.1bn to £200m. Over the past two years the company has shed some 5m sq ft of space; it will continue to sell between 3.5m sq ft and 4m sq ft a year

for the next 10 years.

Virtually all of BT's buildings are up for sale – the most marketable, as well as those which are known to be surplus. "We are prepared to be flexible," said Mr White. Disposing of such a large amount of space is a daunting task, particularly where obsolete buildings are concerned. "It is not as if we have something that people want," he added.

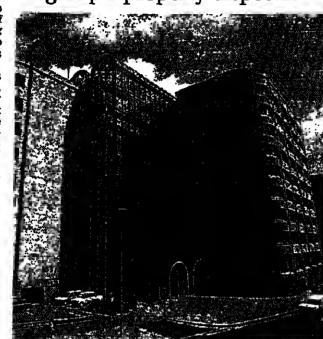
BT has made its priority the examination of those properties that pose "the greatest threat and opportunities" in terms of runnings costs, according to Mr White, It first concentrated on bigh-cost units and, in particular, looked at properties with long leases, where leases were ending, where there was a notice to break a lease and where there was a sub-leased property.
The company is also looking

stable has

i filmps

BT's big sell-off

Vanessa Houlder on the UK group's property disposals



Slashing property costs: BT headquarters in the City of London

current stage of the UK real

estate investment cycle such a

route for corporations with

large portfolios looks attrac-tive," said Mr White.

ties of property also presents organisational problems. As

think our popularity [with

staff] is improving," said Mr

White. "We are moving people

to a better office environment.

We are persuading them by a carrot rather than a stick."

Senior managers of business

units within BT are encour-

The disposal of large quanti-

ual need to rearrange staff

The disrup-

tion caused by

these office

moves is tem-

pered by BT's

for quick routes out of leases. It is taking advantage of opportunities to sell leases to adjoining owners wanting more space, to developers and to freehold owners seeking to gain possession in order to

redevelop or to release for higher returns. On its leased buildings, for jobs are shed there is a continexample, BT

will sometimes We've always had arrange stand within and seek to pera strong presence betwaan offices.
The disrupsuade landlords to cancel leases for a one-off today it is no advance rent. longer necessary' although, aa

"it is not an easy process to attempts to upgrade offices persuade people to give up a before it transfers staff. "I persuade people to give up a triple A covenant." More radical proposals are also being studied. BT has examined the possibility of disposing of a mixed package of properties to investors or, even, spinning off the entire portfolio to BT shareholders under separate management. aged to co-operate with the

Mr White said.

as their business plans contain rigorous targets for reducing property costs.

According to Mr White, a

measure of the importance with which the group treats property is that BT's chief executive reviews portfolio performance quarterly, while the chief financial officer reviews the portfolio at least monthly.

As well as cutting property costs. BT believes its property portfolio overhaul should change the company's culture and improve productivity. It believes that by transferring people from old-fashioned to more modern offices "people can jettison out-moded ways of working and bring in new practices and procedures".

T is keen to introduce new working arrangements such as flexible working, desk-shar-ing, working from home and video conferencing, which it believes will save above 1m so ft of office space over the next decade. "For many people, being tied to one office, five days a week, could become a

thing of the past," said BT. The company is also keen to bring its staff together in functional groups, according to their specialist skills rather than their business units.

These ideas - known collec-tively at BT as "Workstyle 2000" - are due to be tested at the company's prototype office at Apsley, Hertfordshire, in southern England, where 1,300 marketing and sales staff will be relocated in the autumn. "There is no doubt that at this

The Apsley premises feature open-plan offices around an atrium, large multi-purpose areas for communal activities. a restaurant and conference and video-conferencing room.

If Apsley is a success, BT plans to move 10,000 people ont of central London to similar offices around the M25 orbital road over the next 25 years. Although there is little difference in rents between inner and outer London premises, BT believes that moving ont-oftown could drastically cut service charges.
BT's plans to move out of

London is a measure of its belief that new technology will change the way that people work. "Historically, we have always bad a strong presence in the capital, but today that is no longer necessary," said BT.
"Our communications technology haa given us greater freedom to site many of our offices wherever we choose," it

Provincial continues property division, particularly family tradition

Provincial Group, the family-controlled financial services group founded by Sir James Scott in 1903, bas appointed Its latest chairman from the Scott family. It disclosed yesterday that 34-yearold Alex Scott has taken the

post. Scott succeeds Tim Shakerley, another family member, at the bead of Provincial, which owns Provincial Insurance, one of the largest privately-owned UK insurers, as well as Exeter Bank, which makes loans to small husinesses.

He was appointed a director in 1989, and has been deputy chairman since 1991. He has also worked at Thames Water as investor relations manager, and Jardine Fleming Holdings in Hong Kong in charge of corporate communications.

Scott, who studied Philoso-

Scott, great grandson of Sir

James and son of the president and former chairman Sir Peter

Scott, also becomes chairman

of Provincial Insurance. Tim

Shakerley retires after 17 years

Scott says his role as chair-

man is partly a traditional one of overseeing management

strategy, and partly as a repre-

sentative of family sharehold-

ers. The Scott family controls

over 80 per cent of Provincial

problems in being family-

owned, although there is always a potential for tension between the company's owners

and its managers. As long as we recognise that, I think it is

perfectly manageable." he

"I don't think we have had

in the post.

equity.

Finance moves director of Smith New Court Far East in London, has joined the group management board of BARING SECURITIES. He ■ Stephen Edell has been appointed the first ombudsman of the Personal Investment will advise on the development Authority. He will consider and marketing of global complaints against membe research with particular firms of the new investment emphasis on South East Asia. Tony Mallin, vice-chairman of Hambros Bank and regulator, Edell, 61, who qualified as a solicitor, set up the office of the Building vice-chairman of Leaseurope, Societies Ombudsman in 1987.

appointed director of bond market research at UBS. Michael Eddy has been appointed a director of MATHESON Securities. John Maher, formerly global Samuel, has been appointed director of marketing at LOMBARD ODIER. ■ Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD &



phy, Politics and Economics at Exeter College, Oxford, says be would not claim to be an expert on insurance" but has learned management skills from working with senior directors of large companies.

He says It is "difficult to say exactly whether my role is executive or non-executive but he will spend the first few months trying to learn how best to combine the family's twin responsibilities as shareholders and senior managers.

■ John Rogers has been appointed divisional director of Denco, part of AMEC, on the retirement of Reg Green. ■ David Laidlaw has been appointed contracts director of MORGAN LOVELL LONDON: he moves from John Lelliott Group.

John Richards has ben

ings.

promoted to finance director of the MILLER GROUP. ■ David Tilston, formerly group treasurer of MEYER INTERNATIONAL, has been appointed business development and marketing director of its subsidiary

■ Peter Gregory has been appointed chairman of LAING Management Scotland and LAING MANAGEMENT for the whole of the UK; he is succeeded as md of Laing Management Scotland by Bernard Ainsworth.

Richard Swinson (below left), md of RMC's Roadstone and Building Products Division, has been appointed to the main board. Keith Perry (below right), formerly finance director of **BOVIS Abroad, has been** appointed md on the retirement of David Johnson who will remain a non-executive director.



has been appointed to HAMBROS' board. Michael Hope-Lewis, the former chairman and founder ■ Neil Williams has been NATIONAL HOLDINGS.

Hamish Grossart takes third chair

Hamish Grossart is to become chairman of Hicking Pentecost, the quoted Cardiff-based textile and industrial products group. It is a non-executive job which he will do alongside the task he took on in January of chairing and sorting oot Ashley Group, the window hlind company which had hit trouble with a Spanish acquisition, as well as being chairman of EFT, tbe Glasgow-based asset finance company be helped formd

The 37-year-old Glaswegian corporate finance specialist has long been intent on pursuing a career outside the orbit of his better known uncle Angus Grossart, chairman of the mer-chant bank Noble Grossart and a man with his finger in many Scottish pies. Hamish worked at Noble

Grossart for a time before creating EFT in 1987. He had

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financial conglomerate, eventually spreading from Scotland to London. But the corporate finance arm withered in the recession and closed in 1992, and the fund management subsidiary was sold, leaving asset finance. Grossart moved up to become non-executive chairman and sought other outlets.

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group which be took public in 1992. He has been involved with Hicking Pentecost since 1991 and organised its recent £9m acquisition of Barbour Campbell, a former Hanson offshoot. "It's virtually Wales's only successful quoted com-pany," he says, and points out that its market capitalisation has risen tenfold since 1990. Grossart sees his speciality as helping companies with "financing, City relations,

Until last month he was chairman of Quality Care

Homes, the nursing bomes

management structure and problems of growth and development, but not deciding bow many cans of beans go out each day". He is also on the boards of Scottish Radio (formerly Radio Clyde) and British Thornton, the quoted furniture and drawing equipment com-



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Spending up as drugs dominate

Clive Cookson looks at an international comparison of R&D investment

sponsored by the Department of Trade and Industry gives the most encouragement so far to those who believe that UK industry must spend more on research and development if it is to compete more effec-

tively in world markets. The scoreboard, published today, shows that listed British companies raised their R&D spending by 9 per cent to £7.1bn in 1993 - a rate of increase that comfortably outpaced both inflation and the UK's main international competitors. The world's top 200 companies spent just 2 per cent more on R&D last year.

Cynics may point out that British industry's increase in R&D spending does no more than match its 9 per cent rise in sales. But the robust sales performance was achieved largely overseas (and resulted mainly from the depreciation of sterling against other currencies) whereas UK compaies carry out most of their R&D at home. Therefore the figures do show a real improvement in the country's industrial R&D performance.

And, for the first time since the scoreboard started four years ago, companies expanded R&D spending by more than

he fourth annual they increased dividend payous to shareholders. Although the difference was only slight dividends grew by 8 per cent - it was a step in the right

direction for those who believe that UK industry is putting its long-term competitiveness at risk in ordar to keep short-term investors happy. The UK has far to go, how-

ever, before it even comes close to matching other countries in its spending on R&D in relation to sales, profits or dividends. The international top 200 companies as a whole devoted an average 4.85 per cent of 1993 turnover to R&D, compared with 2.29 per cent for the 13 British companies in the group. The most impressive national performances came from Sweden (7.26 per cent of sales), Germany (6.80 per cent), Switzerland (6.78 per cent) and

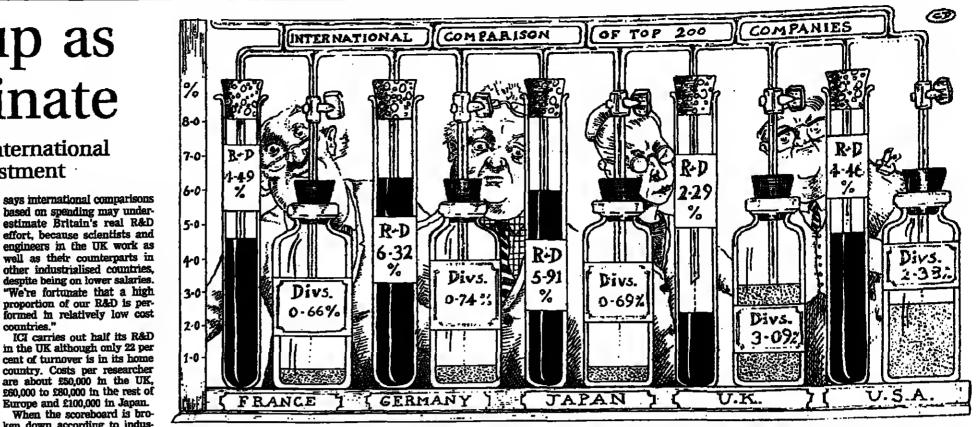
Japan (5.90 per cent).
The gap between the UK and other countries becomes wider still when R&D is related to profits and dividands. R&D spending by the international top 200 averaged 101 per cent of pre-tax profits and 283 per cent of dividends; equivalent figures for the UK companies were 29 per cent of profits and

72 per cent of dividends. But Rob Margetts, research and technology director of Imperial Chemical Industries, says international comparisons based on spending may under-estimate Britain's real R&D effort, because scientists and engineers in the UK work as well as their counterparts in other industrialised countries, despite being on lower salaries.

"We're fortunate that a high proportion of our R&D is per-formed in relatively low cost countries. ICI carries out half its R&D in the UK although only 22 per cent of turnover is in its home country. Costs per researcher are about £50,000 in the UK,

ken down according to industrial sector, the overwhelming importance of pharmaceuticals for the UK becomes clear. Four of the top six UK spenders on R&D are drugs companies (Glaxo, SmithKline Beecham, Zeneca and Wellcome) and the pharmaceutical sector carries out 31.8 per cent of all indus-trial R&D in Britain. Among the top 200 international companies, the sector accounts for only 8.8 per cent of all R&D

And the dominance of the drugs companies is growing, as they boost R&D faster than other sectors. Last year the UK pharmaceutical sector increased R&D by 19 per cent,



led by Glazo, the British R&D champion, with a 24 per cent increase to £739m.

The UK performance in other areas is mixed: Engineering companies

spent 10 per cent more, led by Rolls-Royce and British Aero-

· Electronic and electric companies fell by 1 per cent. Cuts by the sector's two biggest companies, GEC (down 5 per cent) and Racal (down 8 per cent), outweighed substantial increases by some of the smaller electronics companies. Oil companies fell by 5 per cent. A cut of 25 per cent by BP

undermined Shell's 6 per cent

The diversified industrial sector presents a revealing contrast between the two giant UK conglomerates, BTR and Hanson, which coincidentally both had a turnover of £9.8bn in 1993. BTE's R&D spending was £101m - up by 9 per cent last year and by 71 per cent since 1990. Hanson's R&D spending was £20m - down by 23 per cent last year and by 41 per cent since 1990.

Hanson's corporate development director, Christopher Collins, denies that the group has an anti-R&D attitude. "Hanson's portfolio consists partly of industrial companies, with a focus on basic industries, and partly of resources companies and there's no R&D involved in digging out more coal," he says. "What doesn't show up in the R&D figures is our constant drive to improve manu-

ating efficiencies." Collins says the ups and downs of Hanson's R&D spend-ing are determined more than anything by its sale and acquisition of companies. Last year's take-over of Quantum, the US chemical company, will boost this year's R&D figure.

facturing techniques and oper-

But at least Hanson features on the scoreboard. Forty two of the FT-SE 100 companies are missing because they declare no figure for R&D spending. Most are financial, retailing and other services groups, which probably do no signifi-cant R&D (though J Sainsbury sets an example for other

ing an R&D figure of £4.8m). . There are some glaring exceptions, however - compamies apparently contravening accounting standards by fall-ing to disclose R&D activities. Cable & Wireless, the telecommunications group, is the

supermarket groups by declar-

outstanding absentee. "The statement in our report and accounts two years ago that there was no R&D in C&W was a great error," concedes Sidney O'Hara, a former BT research executive who recently became

C&W technology adviser.
O'Hara estimates that C&W devotes between 1.5 and 2.5 per cent of its £5bn turnover to R&D, in line with other telecoms service companies. That would give a figure in the region of £100m and put C&W comfortably into the UK top 20. O'Hara promises that a figure will be published in next year's



ichael Heseltine, secretary of state at the LUK's Department of Trade and Industry, and chief sponsor of the R&D Scoreboard, is delighted with the spending increase it shows this

"It is very encouraging that an area which has been a matter of some controversy and much concern is being addressed by the management of Britain's leading companies, despite very difficult trading conditions," he says. "But there is still some way to go to catch up with the world's best

Heseltine believes the Scoreboard's R&D comparisons around the world "are valuable because they focus management's attention on the ingredients of international competitiveness. They are a broad indicator of what is possible,

The managers of most British companies are taking seriously the message that R&D is important, according to Heseltine. "That doesn't mean that all management is taking it seriously. This is indicative of what the best are doing. We should never let the people at the low end of performance off

Heseltine hails advances

The trade and industry secretary talks to Clive Cookson

However, Heseltine refuses to discuss the performance of individual companies or condemn them for spending too little on R&D, "I would not

The main international table (below) shows the world's top 200 R&D spenders, whether or not they are fished companies, broken down according to their industrial

sector, Company Papordog's non-LK data are supplemented by Standard & Poor's Compustat Global Advantage database, All currencies are converted

politician – as a minister away

too many exceptions. Just imagine the effect of a politician saying all companies should be spending X per cent

industrial success. There are ing but, Heseltine points out, "it also stands out as a company with a quite remarkable At first sight, Heseltine's

The tables and how to read them

The R&D Scoreboard is prepared for the Department of Trade and industry by Company Reporting, art Edinburgh consultancy, it is based on figures published in annual reports and accounts up to 31 May 1984.

The UK table (tecing puge) includes companies besed in Bitain and listed on the London Stock Exchange, We have advanced the top 100 R&D spenders from the list of 362 compenies in the full scoreboard. Unlisted companies and UK subsidiaries of foreign companies are not included in the FT list.

The main international table (below) shows the world's top 200 R&D spenders, whether or not they are falled companies, tholes down according to their industrial.

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from the burly-burly of the cant proportion of companies

seek to put my judgment as a of turnover on R&D, and the own department is not setting consequence was that a signifi- a good example in raising R&D spending. According to the capitalist world - into the minds of individual boards of into loss and were taken over. Who would thank you?"

Who would thank you?"

Who would thank you?"

The proposition of ment-funded Science and Technology, the DTT's net expenditure on science and technology. Hanson may stand out for its ture on science and technology ingredient in the overall pro-

laying down formulae for low and declining R&D spend- is set to fall steadily from £500m in 1992-93 to £350m in

Heseltine rejects that as "facile criticism". He says the fall results mainly from a reduc-tion in nuclear research, cou-pled with increasing receipts from past expenditure on aerospace R&D and changing arrangements for small busi-

ness consultancy.
At the same time, the DTI is shifting the balance of its innovation support away from gen-erating new technology "on which industry and govern-ment already spend billions". to concentrate more on Influenci the broad environment which allows innovative firms to flourish". That means cutting collaborative research projects and spending more on technology transfer and spreading the word about

best practice.
The R&D Scoreboard itself is a small example of such activity. Of course, R&D is only one

cess of innovation - defined by the DTI as "the successful exploitation of new ideas". The DTI Innovation Unit is

now tackling the greater challenge of drawing up an "inno-vation index" which would take account not only of funds that companies put into R&D but also the outcome.

Measures might include patents, new products, even stock market valuations. Defining and quantifying these and combining them into an index that would be acceptable to industry and useful for managers - pose formidable mathematical and econometric prob-

Even so, two groups - Stoy Hayward consultants with Warwick University, and Imperial College - have drawn up practical proposals for an innovation index. DTI officials are now considering which approach to devel consultation with industry.

There is a reasonable chance that the innovation index will be ready for launch next year. Barring a corporate upheavai, Glaxo is certain to emerge as the leader of the 1995 UK R&D Scoreboard. A more interesting subject for speculation is which company will emerge as the most innovative.

PANKING OF TOP 200 INTERNATIONAL COMPANIES BY HAD EXPENDITURE BY SECTOR

Contpanty	Correct R&O spend 2'000		PEAD as a % of sales	Dividends £000	RSD as 4 % of des	1992 £700	revious FAD apr 1991 2'000	1990 2009	Company	Current RSD spend £'000		RED as a % of spice	Dividenda £1000	750 26 1 % 06 (Br)	1992 2'000	990 (1991 1991 2000	1990 2'000	Company	Cherrent PED spend £7000	Sales a		ridenda 2'000	es a % of disq	1992 2'600	1901 1901 2000	1990 000°3
Al companies composite Il 9 Breweries	104 ,404, 377	2,163,833	4.85	36,927,095	283.90	102,845,313	\$4,961,011	\$3,632,836	ORT Electric Industry, Japan Honoyardi, USA Amdehl, USA	273,940 228,050 226,099	3,569 4,030 1,135	7.08 5.66	82,460		264,577 211,287	247,898 203,244	247,598 188,962	Fernad Flouristic, Italy	212,403	7,856	2.7	0	m	210,746	213,193	190,689
Xris Browny, Jopen 2 Building and con	105,754 105,184 struction 112,300	5,226 5,226	201	63,741 63,741	165.00 165.00	101,000 101,000	93,669 93,669	89,867 89,867	ing C (Beetli, Italy Advanced Micro Devices, USA Amp, USA Proper Electronic, James	220,059 181,328 177,628 174,383 174,218 171,800 167,575 136,735	3,168 1,113 2,331 3,573	19.91 5.72 15.95 7.48 4.88	3,836 0 0 113,442 27,186	5863.50 III. 28 153.70 640.80	251,683 182,062 154,011 183,645 160,767	211,247 185,067 144,484 173,114 137,027	209,597 188,712 137,681 177,762 113,856	Bauter International, USA Roussel UCLAF, France Elsel, Japan	980,621 227,779 187,025 184,817	9,006 6,001 1,605 1,382	3.8 11.03 13.27	229,612 187,901 14,022 18,689	271.80 121.20 1333.70 988.90	873,906 214,261 178,348 183,296	542,679 195,336 160,927 177,618	176,410 ne 165,938
Stinizu, Jopan 3 Building materia	112,308 s and more 273,960	14,347	6.78	06,854 200,827	188.00	187,909	96,971	T.	Nokla, Finland TUK, Japen Helional Semiconductor, USA Kycorn, Japen Ascom, Seltzerland	171,800 167,575 136,735 130,135 129,306	3,168 1,113 2,331 9,573 2,765 3,185 1,360 2,618 1,534	6.21 5.26 10.05 4.97	2,023 39,810 0 56,195	8489.00 420.80 88 231.60	129,900 159,332 129,841 158,278	108,892 158,410 134,234 137,239	135,852 137,475 170,598 113,148	12 Household goods Johnson & Jeisson, USA Proctor & Samble, USA	1,931,476 796,918 646,164	\$7,175 9,555 20,509	5.2 1 8.36 3.14	1,887,771 445,420 505,578	175.99 179.40 127.80	1,785,216 781,743 581,953	1,990,115 662,365 531,260 186,934	1,292,486 583,703 466,401 170,335
Compagnie de Saint-Sobale France Coming, USA II 4 Chemicals	156,942 116,985	8,471 2,726	1.85 4.29	116,189 90,638	135.10 129.10	158,201 102,129	141,030 88,340	123,746 m	Nushu Metsushita Elec, Japan Yesikoghouse Elechic, USA Muzain Mezufacturjog, Japan SAP, Sermany	125,138 116,931 115,746	1,534 2,156 5,996 1,847 428	8.43 5.85 1.95 7.03 24.29	14,952 128,421 18,750 14,634	843.60 01.10 617.30 712.00	111,783 130,492 108,496 108,817	109,035 141,263 99,939 86,946	134,504 134,504 142,659	L'Oral, Rance El Sarol, France El 13 investment trusts	645,164 248,749 237,845	4,597 2,454	5.41 9.68	86,792 59,963	286.60 395.20	228,710 212,804	185,934 186,536	170,335
Beyer, Germany Houcket, Germany Che-Gelgy, Switzerland Dow Chemical, USA	13,329,666 1,228,767 1,182,858 1,002,230	214,284 15,960 17,922 10,307	7.7	8,394,879 267,248 201,229 197,087	247.10 427.80 587.80 508.50	12,847,577 1,205,044 1,130,312 1,069,591	12,341,995 1,187,678 1,116,690 994,492	11,322,715 1,005,701 1,045,850 933,503	Becirolus, Sweden Casis Computer, Japan El S Elingistrocriting	104,195 103,389 103,252	6,118 2,610	1.27 3.96	37,139 20,257	278.40 509.70	91,545 88,489 104,154	82,225 93,095	87,962 III.	inester, Sweden W 14 Media	175,235	0	. 64	58,476 58,476	299.70	188,696 188,696	70	TA TA
Dow Chemical, USA Sendoz, Sudzerlend G du Pont de Nemours, USA Bristol Myern Squibb, USA BASF, Germany Rhone-Poulenc, France	848,935 793,773 765,123 782,419 752,763	12,208 6,872 25,074 7,714 16,784	6.96 11.55 3.05 9.68	485,974 157,935 906,001 1,003,717	174,70 502,60 95,00 76,00	871,240 680,897 863,129 732,004	783,372 804,433 877,323 671,172	767,826 548,815 965,190 585,471	Hitachi, Japan Hondati-Packard, USA Booling, USA	15,362,366 3,035,313 1,190,296 1,122,576	278,498 45,639 13,732 17,193	5.52 8.65 8.67 8.53	2,956,341 218,253 154,106 229,807	550.50 1380.70 772.40 488.50	16,040,807 3,146,348 1,094,964 1,247,718	2,971,826 968,847 957,795	11,338,327 2,076,671 923,900 558,972	Oracle Systems, USA Rentez, UK III 15 Oli, instagration	224,540 114,540 110,000	2,860 1,815 1,874	7.77 11.28 5.67	105,000	704.80	183,323 84,823 78,500	134,286 65,908 67,300	## ## 61,600
American Home Products, USA Updom, USA Updom, USA Mansseto, USA Sumitoreo Cherolical, Jepan AKZO Hobel, The Meliherianda Isancara, USA Sobray, Belgiusis KAO, Japan Goodyser Tire & Rubber, USA Toxay Industries, Japan Generalcol, USA	733,198 447,914 433,952 423,116 345,790 523,287 263,699 227,809 217,223 216,289 207,081 199,500	8,222 5,612 2,469 5,340 5,674 5,745 82 4,757 4,665 7,863 5,874	7.96 7.98 17.58 7.92 8.09 5.63 343.32 4.79 4.79 4.75 3.53 48.55	182,157 88,812 600,276 173,903 183,845 22,463 117,970 93,853 36,222 57,334 59,108	413.20 1064.00 74.80 249.50 233.10 1173.80 274.00 ma 242.70 599.76 376.90 350.40	787,290 882,486 373,403 370,784 440,013 355,499 323,297 88 240,918 211,900 220,277 201,671 162,593	802,934 858,815 280,989 331,912 423,791 386,104 311,630 60 240,187 175,853 223,048 186,523 143,920	805,153 605,445 249,543 265,746 413,653 329,227 309,958 m 223,966 151,359 223,827 178,857 105,711	Roning, USA Digital Equipment, USA Eastman Kodak, USA Eastman Kodak, USA United Technologies, USA Milauthal Heesy Ind, Japan Auropatiale, France SaleChia, France SaleChia, France Rudosell International, USA Mennesseaus, Germany Filodi, Japan Thomson CSF, France Lockfreed, USA Compagnia Dae Meckless Bull, Pr. Ruis-Royce, UK	1,034,213 879,351 768,502 745,942 488,604 400,425 398,858 344,075 334,623 318,348 303,480 301,292 253,000	9,713 11,000 14,248 17,102 5,830 2,831 7,326 10,833 6,183 3,914 8,834 3,456 3,456 3,456 3,456 3,456	10.65 7.95 5.38 4.36 8.4 15.32 5.42 3.16 5.41 8.13 3.44 8.72 7.10	444,088 151,482 162,972 0 142,883 67,090 39,456 76,353 89,219 0 56,000	198.00 \$07.60 457.70 III. pin 278.20 512.90 848.10 418.90 340.20 III. III	1,185,466 1,072,859 823,927 782,457 594,342 331,827 337,971 362,608 353,518 335,176 283,879 328,880 228,000	1,114,822 1,009,800 770,530 679,735 289,345 249,779 312,747 265,841 336,085 307,457 259,547 342,159 216,000	1,081,178 866,278 630,368 556,837 255,956 329,638 269,955 281,303 ma 304,156 ma 237,000	Shall Transport & Taxling, UK Encon, USA, Schlamberger, Wiends Andlies Eries Nezional Idrocastoni, Unity British: Petroleum, UK Nebbi, USA Amoco, USA Chievon, USA Chievon, USA Erichten, Raty Total-Cle Francelse des Petroles, Fr	2,701,098 529,000 400,811 304,281 270,834 237,040 203,447 197,383 168,978 158,133 121,204 111,954	341,543 53,746 75,187 4,531 19,652 34,250 38,238 17,124 23,028 25,063 4,404 15,537	0.63 2	1,530,821 2,375,000 2,404,836 196,896 0 457,000 877,323 738,007 559,648 759,834 0	31.70 22.30 18.70 154.50 51.90 23.20 20.70 30.30 73.50	2,836,342, 489,000 421,764 284,715 295,707 215,000 220,344 202,771 168,976 154,782 161,474 110,809	2,640,741 472,000 458,938 275,252 241,500 306,000 213,585 223,046 168,976 168,976 168,976	2,400,300 473,900 430,550 251,809 251,847 328,000 136,549 207,502 152,078 148,022 na 68,111
ICI, UK Anger, USA Hankal, Germany Tallin, Japan Missakiphi Petrophemical, Japan	177,000 172,572 156,465 153,040 139,292	5,430 928 5,397 3,742 3,076	18.6	199,000 0 21,796 35,380 23,897	88.90 pa 717.90 432.60 582.90	189,000 123,215 161,139 146,535 137,475	143,920 596,000 72,511 155,690 139,910 127,180	591,000 na 145,570 113,866 115,067	Tendest Computera, USA McChonnell Dougles, USA Kubota, Japan Caterpiliar, USA Komateu, Japan Raydeon, USA	234,131 230,483 221,087 215,613 195,836	1,372 9,791 5,692 7,000 5,262	17.06 2.35 3.88 2.75 3.72	37,174 88 41,230 48,570	620.00 620.00 523.00 403.20	213,259 344,035 208,103 209,530 229,433	180,214 304,186 161,458 183,846 218,017	171,409 419,060 146,390 160,865 205,910	III 16 Other (Insected IIII, USA III 17 Phermaceuticals	310,915 310,915	15,394 15,384	2.82 2.02	1 58,837 158,837	195.70 195.79	344,711 344,711	363,636 363,636	381,885 381,865
Rotm & Hass, USA attaut Petrochemical Ind, Japan PPB Industries, USA USA, The Industriends Showa Denko, Japan Shin-Bato Chestical, Japan Esatusus Chestical, Japan Esatusus Chestical, USA Synthelabo, France Kyowa Heldo Kogyo, Japan	138,563 138,396 135,991 135,718 130,813 117,671 117,607 112,964 106,406	2,215 2,065 3,668 2,797 3,062 2,765 2,636 723 1,956	6.25 8.7 3.5 4.85 4.24 4.22 4.46 15.61	60,155 11,325 149,239 18,791 18,852 14,856 0 16,030 84,471	230.30 1222.00 01.10 722.20 693.90 802.90 En 704.80 128.30	137,4556 147,208 137,208 148,246 132,025 133,799 109,496 79,993 115,067	121,180 125,850 155,850 148,969 147,898 68, 125,611 12,493	113,007 120,448 133,236 147,278 147,898 PA UL RE	Ouron, Japan Emesson Bechic, USA Owns, USA Stillsh Aerogusee, UK Olympus Gollest, Japan Ushor Sasfor, Francis Konicz, Japan Furdeaw Bachic, Japan Lillon Industries, USA	188,880 187,786 184,116 182,358 182,300 158,914 146,614 142,823 124,878 122,203	6,210 2,787 5,524 5,172 10,760 1,917 9,953 3,040 4,372	3.04 6.71 3.33 3.53 1.56 9.83 1.5 4.66 2.86 3.10 2.35	128,304 18,186 216,125 106,110 31,000 18,180 148 12,978 23,500	147.20 1032.40 84.00 171.80 541.90 874.10 100077 1037.20 524.70 ns.	195,923 203,409 165,461 194,330 151,000 155,171 130,155 141,254 121,063 115,782	186,262 161,365 160,797 180,779 283,000 146,414 125,929 137,051 112,461 112,402 133,340	150,855 156,250 157,681 178,100 238,000 127,143 80 131,005	Flocke, Switzenfand Marck, USA Glazas, UK Pitzer, USA El Lilly, USA Abbott Laboratories, USA Swithtities Beocham, UK Zancos, UK American Cyanaraki, USA	9,165,582 964,479 792,700 739,000 653,600 645,217 505,453 575,000 490,000 402,568	6,515 7,085 4,930 5,054 4,380 5,683 6,184 4,440 2,890	12.38 4 15.11 11.17 14.99 13.03 14.8 10.46 9.33 11.04	480,200 183,678 837,445 857,460 362,352 483,744 380,090 328,000 280,000 104,785	205.19 535.40 94.79 110.80 181.80 133.40 156.70 176.40 188.50 384.30	8,280,821 908,380 761,334 895,000 583,440 625,143 522,072 478,000 468,000 382,428	6,762,602 766,036 967,967 475,965 511,524 516,350 450,354 432,000 nn 332,544	5,615,657 657,229 590,740 389,000 432,646 474,957 383,000 pg
Philips Cheimsperichteiden, Helb Minnesota Mining & Men., USA III 6 Electricity	1,878,321 1,182,140 696,161 461,660	9,479	5.78 7.35	RA. () 457,325	142.90	1,954,296 1,273,653 680,635 510,663	1,344,518 1,346,742 617,776	2,196,180 1,523,524 584,656	Compag Compaint, USA Storage Technology, USA Potarold, USA Intergraph, USA Suizar Gebrauder, Stellzerland Taldronk, USA Seegale Technology, USA	114,227 110,305 108,685 106,343 107,869 196,162 104,032	3,847 4,890 946 1,510 709 3,029 880 2,056	2.35 11.63 7.17 15.27 3.56 12.06 5.06	18,925 0 18,048 12,145	574.30 04 597.70 874.10	116,896 100,031 104,562 101,488 105,593 114,351 88,845	133,340 80,308 103,954 90,829 107,414 118,494 92,920	125,515 100 101,042 127,861	Schering, Girmany Taleda Chemiqui Ind, Japan Wellcame, UK Warner-Laubert, USA Syntex, Pansane Falleame Phanascenilosi, Japan Astra, Sweden	376,053 377,162 325,500 314,227 273,335 241,067 227,862	4,360 2,041 3,910 1,434 1,707	16.11 8.65 15.95 8.02 19.05 14.12 12.43	30,830 68,786 149,800 208,110 155,795 14,583 78,778	1226.20 548.30 217.30 151.00 175.40	384,927 361,808 254,800 320,040 233,058 228,713	375,305 323,328 229,700 206,042 213,315 196,063	311,321 312,159 283,725 221,200 250,370 183,524 163,517
Eschicite de France, France 7 Milectromic ausd e Siemens, Germany Int Business Mechines, USA Mateunitia Electric Ind, Japan Folitica, Japan Toshiba, Japan	491,860 ectrical equ 29,302,777 2,996,263 2,994,830 2,433,484 2,343,083 1,868,020	20,314 20,314 439,888 31,779 42,389 42,726 20,980 28,022	9.43 7.07 5.7 11.18	4,972,918 278,865 611,693 158,593 106,798 194,519	588.20 1075.10 489.60 1534.40 2134.00 870.60	510,663 28,712,024 3,263,661 3,435,620 2,531,922 2,373,234 1,826,059	517,874 27,785,168 3,071,773 3,380,196 2,325,048 1,997,474 1,810,848	434,885 28,129,881 2,716,799 3,221,392 2,093,501 1,655,153 1,810,095	Singleteering, weblete General Motors, USA Delmier-Boxz, Germany Ford Meter, USA Honda Motor, Japan Volksadgen, Germany Flat, Japan Flat, Japan	18,546,914 4,075,533 3,519,772 3,393,714 1,205,595 1,126,486	408,958 93,423 38,041 73,349 25,024 29,809 23,334	4.81 9.25 4.83 4.83 4.82 3.79	2,261,890 491,449 145,181 538,371 82,521 21,018 58,851	865,90 829,30 2424,40 629,20 1462,20 5370,40 1805,60	18,278,963 3,989,253 3,624,474 2,928,010 1,165,667 1,167,678 987,007	3,979,313	16,617,758 3,610,341 3,188,830 2,404,866 1,091,327 973,065 720,120	Yamanuchi Pinanacestoni, Japan Marck, Saktarland Dalichi Pinanacestoni, Japan Moro Mordsir, Denmark Chapai Pinanacestical, Japan Tanbie Sakhisu, Japan Talaho Pinanacestical, Japan M. 18 Printling, paper aus	203,125 201,629 177,785 173,578 144,543 137,475 107,194	2,162 1,064 1,447 1,209 962 1,471 1,235	9.4 18,94 12,28 14,35 15,01 9,34 8,88	25,369 28,401 19,767 14,806 11,191 10,985 46,683	286.20 788.70 709.90 869.40 1172.10 1201.50 1251.40 229.60	167,774 192,950 137,453 184,769 151,396 195,065 136,203 102,348	129,418 171,856 118,337 153,203 153,988 132,636 125,545	127,654 134,720 107,800 111,918 118,868 128,254 114,559
KEC, Jepan Asea Brown Bowerl, Switz/Swada	1,665,558 1 1,534,978 1,405,947	21,281 19,138 23,492		93,229 157,485 112,964	1786.50 974.79 1244.40	1,831,395 1,612,709 1,457,067	1,692,805 1,582,967 1,246,287	1,895,736 1,305,179 1,000,848	Chrysler, USA Regis Nationale des Usines Rapault, Fr Mippondenso, Japan Pergeot, França	831,361 708,586 675,872 600,409	28,563 20,542 8,648 17,792	2.91 3.45 7.82 3.37	154,108 74,750 71,039 74,178	539.80 947.90 951.40 809.40	709,699 681,814 670,421 801,086	645,488 655,358 648,619 532,756	613,720 641,047 618,586 387,719	Kimberly-Clark, USA II 19 Support services	167,130 107,130		121 221	140,317 140,317	76.90 76.30	106,500 105,508	190,574 100,574	m 4
Sony, Jepen Motorch, USA Missakishi Seciria, Japan Bricason Taleton, Sweden General Beckia, USA Island, USA Shapa, Japan	1,028,050 1,020,821 885,825 876,647 655,626 643,180 631,001	11,465 19,743 5,104 40,934 5,935 8,945	8.97 5.17 17.35 2.14 11.05 7.19	52,460 129,723 56,546 1,566,590 56,775 71,154 68,624	1246.70 786.90 1513.00 58.20 1154.80 903.90 1076.40	852,730 1,020,445 536,199 914,496 527,147 612,354 606,775 623,183	729,300 967,496 572,007	681,311 1,005,329 397,421 999,982 349,239 473,879 520,881	Volvo, Sweden Travi, USA Allied-Signal, USA WAN, Germany Martin Marietta, USA Transon, USA	355,660 255,481 211,557 203,565 189,320 131,801	9,010 5,372 7,993 7,394 8,377 8,133 2,316 2,871 2,974	3.95 4.79 2.65 2.76 2.97 2.15 5.24 3.72 3.5	48,734 61,108 109,496 51,027 58,120 73,808 10,302 4,731 56,100	729.80 315.00 193.20 396.90 337.30 178.80 1178.90 2257.10 185.50	500,973 265,630 216,289 208,236	520,110 233,862 257,519	572,575 206,854 287,935 167,756 143,582	Microsoft, USA Son Microsoftems, USA Computer Associates Int, USA Lotus Development, USA III 20 Telecommunication	305,867 317,674 301,817 150,932 116,244	7,354 2,536 2,911 1,244 683	12.05 12.52 10.34 12.13 17.53	pa 0 0 11,595 0	28 75 85 1307,00 88	727,980 238,021 257,949 136,741 54,969	606,202 159,098 240,905 119,913 88,196	416,366 122,068 204,055 90,233
cereia Secular, incl. ISA Shan, Japan Shan, Japan Yarur, USA Sanyo Bectric, Japan Fully Publis Pinn, Japan Apple Computer, USA Texas Instrumenta, USA General Bectric, UK Unipps, USA Mateushita Bectric Works, Japan	596,823 518,556 464,819 449,170 396,783	11,118 10,944 8,247 6,583 5,391 5,780 5,612 5,233 6,250	581	58,524 205,474 58,624 56,066 57,573 42,581 278,000 C 54,608	1076.40 290.50 884.50 828.80 1196.50 936.50 143.20 ma 520.30	608,775 623,183 515,188 454,385 406,985 317,874 417,000 362,219 288,148	550,990 579,820 601,854 486,397 413,045 394,083 368,201 435,000 431,835 288,898	520,881 573,166 452,773 360,531 323,062 364,988 360,000 504,562 228,257	Vales, France Commins Engine, USA Esten, USA Esten, USA III 10 Food estentufacture Uniterer, UK Nestle, Settented Philip Marris, USA	121,455 106,792 104,089 1329,615 510,695 305,857 284,555	2,316 2,871 2,974 96,057 27,863 26,164 34,214	1.37 1.86 1.17	10,302 4,731 56,100 2,526,834 537,800 448,773 1,541,061	1178.90 2257.10 185.60 52.30 96.50 68.20 18.50	135,147 116,255 110,695 97,191 95,302 1,259,358 461,000 304,492 277,120	124,082 129,773 98,133 98,779 83,812 1,192,228 425,000 285,376 287,857	134,504 97,530 68,807 88,515 1,088,811 408,000 257,612 232,510	American Telephone & Tyroph, USA Plopos Integraph & Tybons, Japan Alcade-Aleibon Co. Gan, France But Carada Enterprises, Canada Bothern Telecom, Canada STET, Rally British Telecomerusications, UK	7,341,069 2,074,349 1,789,304 1,730,828 635,082 823,859 254,847 233,000	142,677 45,391 38,383 18,507 10,122 5,507 10,725 13,242	457 1	647,705 203,199 472,363 224,624 415,560 60,831 303,568 967,000	201,30 172,40 375,80 769,90 152,80 1025,60 83,80 24,10	6,759,922 1,967,556 1,727,445 1,164,302 641,710 799,655 209,245 240,000	9,190,729 2,104,765 1,850,078 930,380 621,000 640,757 na 245,000	5,177,303 1,644,474 1,443,418 010,251 520,210 522,946 62 228,000

A killing through contracts

s companies emerge from recession, their thirst for R&D could increase. One way to satisfy this without piling on the overheads is to contract out R&D, or acquire technol-

ogy from other sources.
"I see R&D as one of the corporate activities that the larger corporations will seek to outsource," says Peter Watson, who has just left British Rail, where he was board member for angineering, to become chief executive of AEA Tech-

The company, based at Har-well in Oxfordshire and a product of Britain's nuclear power programme, is the country's largest tachnical services organisation. With a turnover of around £150m, AEA Technology is destined for privatisation. It is says Watson one sation. It is, says Watson, one of a number of indapendent R&D organisations that are "coming much more aggressively to the private sector" to sell their services.

Much of the activity of AEA Technology falls into the area of technical services rather than straight R&D. For instance, it optimises plant performance and helps companies to meet new safety and environmental regulations activities with a high technical content which might not be central to a company'a own

Faced with a diversity of technical topics, "you cannot rely purely on your own resources", says Watson. "You cannot cover all of the emerging technologies. You have to find a way to fill the gap." He naturally sees contract R&D

rugs companies may be

suffering from lower

profit margins as a

result of healthcare reforms in

many countries, but they

remain among the most enthu-siastic investors in the creation

The international scoreboard

nding 11 per cent higher in

shows pharmaceutical R&D

1993 than in 1992, with some

companies boosting spending

lies a structural change in the

way that drugs companies manage their R&D budgets. The impetus for the change

is that sales growth has stalled

in many areas. Those who ulti-

mately pay for drugs - insur-ance companies and their pol-icy bolders in the US, and governments elsewhere - have

decided to drive hard bargains

with pharmaceutical compa-nies in an effort to control the

Many drug makers have

responded to falling profit mar-

gins by cutting staff and reduc-

ing the number of manufactur-ing sites. But price competition

has, if anything, increased the

their strategies to try to max-imise the chances of discover-

ing a breakthrough product.

The first moves were to drop the development of drugs that

provided little advance over

existing treatments. They then

gave more emphasis to

research into areas such as

cancer, Alzheimer's and arthri-

With that, however, has come the realisation that no

company has the resources to research every promising field.
"The industry recognises that technological self-sufficiency is

no longer attainable," ssys

George Poste, head of R&D at SmithKline Beecham. "It must

be strengthened by alliances."

external R&D spending, the

As a further incentiva to

R&D directors have adjusted

need for effective R&D.

cost of healthcare.

But behind the bare figures

by more than 25 per cent.

of new products.

Michael Kenward on independent R&D sources

and technical support as an area destined for rapid growth. Paul Auton also sees a bright future for contract research. Auton is the current chairman of the Association of Independent Research & Technology Organisations (AIRTO) and managing director of Cambridge Consultants (CCL), which had a turnover of £14m last year. AIRTO's members employ 7,000 people and have an annual turnover in excess an annual turnover m excess of £320m. This may seem like small beer alongside the overall spending on R&D by corporate Britain, but the larger AIRTO members would appear well up the R&D Scoreboard.

however. Both Pera and CCL licensing. have seen an increasing demand for help in technology

"Companies join Pera because we offer a range of business and technology services," says Armstrong. These include management and marketing as well as advice on such issues as patent protec-tion and technical aspects of

European legislation. Auton says that other services are also in increasing demand from contract research organisations, including project management and advising companies on how to exploit their technology portfolios.

Contract research is by no means new to corporate researchers. Companies have increasingly taken a customer contractor approach in their internal R&D. Research centres work on a contract and project basis for operating divi-

Contract research will not hit the headlines in the same way as in-house R&D. What companies buy from people like us is competitive advantage and they don't want their rivals to know they are buying it," says Keith Jones, who was recently recruited from Cambridge Consultants to become

You cannot rely purely on your own resources. You cannot cover all of the emerging technologies. You have to find a way to fill the gap'

Pera International, for example, has a turnover in excess of

Pera's work shows the spread of activities that companies buy in. As well as contract R&D, Pera also operates a membership scheme that gives companies access to consultancy services and information through a large number of databases at no cost on top of the annual fea. Ron Armstrong, chief executive of Pera. points to a sudden increase in mambership numbers as another indicator of growing interest in contracting out. The customers of the con-

tract research organisations

want more than just R&D,

companies with which alli-

ances are usually cemented -

biotechnology companies - are

entrepreneurial and hard

working and can offer huge rewards for success through share options. This means that

much of the best work is being

conducted there, says Jan

Leschly, chief executive at

SmithKline Beecham. "Bio

technology companies can

attract the geniuses," he says.
Across the pharmaceutical

industry, between 15 per cent

and 25 per cent of R&D spend-

ing is already external, says Switzerland's Roche. "This has

been rising recently and will

The importance of the

change is probably understated

in the official R&D figures.

Many pharmacentical companies have taken equity stakes

in biotechnology companies as

a means of gaining access to expertise. Such stakes are classed as investments rather

If drugs industry executives

needed further convincing of

than R&D spending.

in-house spending.

by Roche.

continue to rise," it says.

Focusing on the

breakthrough

Competition in the drugs sector

is increasing, says Daniel Green

of consultancy work now accounts for around 20 per cent

Auton estimates that this kind

Another new phenomenon in contract research is that of the corporate laboratory operating as a stand-alone R&D unit for third-party customers as well as its own parent. The Central Research Laboratory (CRL) of Thorn EMI, which had a turnover of £3.6m last year, now derives as much income from external clients - 37 per cent of the total - as it does from Thorn EMI. As well as contract R&D, product development and its own production activities, CRL also earns 27 per cent of its income through technology

commercial manager at CRL. Jones says companies may want to keep the technology hidden from their competitors or might be reluctant to admit that they buy in technology. Jones finds this puzzling. "You could argue that it should be the other way round," he explains. After all, a willingness to adopt ideas, or technology, from elsewhere is "a true sign that you are a progressive

and innovative company". Companies are happier to talk about their links with the academic research community. The web of relationships between industry and academia is wide but accounts for a small fraction of the corpo-

Industry spent £122m in UK universities in 1992-93, a little over 10 per cent of their income from grants and con-tracts and about half as much as the universities received from research charities such as the Wellcome Trust.

The universities' incoma from industry may be less than that of contract research valuable or productive. Companies turn to universities for ideas that will have an impact in the longer term rather than for new products. Research costs less than development and can deliver more new

ideas per pound invested. Universities cannot carry out market-oriented product research, says Peter Seraga, director of Pbilips's UK research laboratory at Redhill in Surrey. The Dutch electronics company is expanding its contract research with universities, Seraga explains, but be fears that universities are getting pulled into shorter term

Philips likes working with universities because they give the laboratory's 250 or so staff access to the frontiers of search. The laboratory is a leading player in Philips's work on multimedia technolo-

Its university links include projects with the Royal College of Art and Imperial College, bringing together artists and engineers to develop software for the production of multime dia titles on CD-Rom, optical disks that can store images



TOP 20 INTERNATIONAL COMPANIES BY R&D EXPENDITURE

	Currace		R&D		ASD		Perious R&D ages	d
Company	FCCCC	Sales	25 2 % of 825pp	Dividents £'000	63 £ % of Ober	1992 £7000	1991 £'000	1990 2700
# All companies composite								
	104,486,377	2,153,633	4.85	36,927,035	283	162,845,319	94,681,011	83,632,636
General Motors, USA Deixnler-Bertz, Gerssany Ford Motor, USA Hilachi, Japen	4,075,633 3,519,772 3,393,714 3,035,319	93,423 38,041 73,348 45,639	4.96 9.25 4.63 8.65	491,449 145,181 539,371 218,253	829.3 2424.4 629.2 1300.7	3,999,253 3,624,474 2,928,016 3,146,348	3,979,913 3,269,889 2,519,770 2,971,826	3,810,341 3,188,930 2,404,866 2,078,621
Siement, Germany Int. Gushess Machines, USA Massushita Siechic Industrial, Japan Fujiksu, Japan	2,996,263 2,994,930 2,433,484 2,343,083	31,779 42,389 42,726 20,960	9.43 7.07 5.7 11,18	279,685 611,893 158,593 109,798	1075.1 489.5 1534.4 2134	3,263,661 3,435,620 2,531,922 2,373,334	3,071,773 3,380,196 2,325,048 1,997,474	2,716,799 3,321,392 2,093,501 1,655,153
American Tiphone & Telegraph, USA Toshiba, Japan	2,074,349 1,868,020	45,391 28,022	4.57 8.74	1,203,109 194,518	172.4 970.6	1,967,556 1,926,059	2,104,765 1,810,646	1,644,474 1,510,095
Mippon Telegraph & T'phone, Japan Alcalet-Asthom Co. Generale, France Nect, Jepan Assa Brown Boveri, Switz/Sweden Sony, Japan	1,789,304 1,790,828 1,665,558 1,534,978 1,405,947	39,383 18,507 21,281 19,138 23,492	4.54 9.35 7.83 8.02 5.99	472,383 224,824 93,229 157,485 112,964	378.8 769.9 1786.5 974.7 1244.4	1,737,445 1,164,302 1,831,395 1,612,706 1,457,067	1,650,078 930,320 1,692,605 1,582,967 1,246,287	1,443,416 918,251 1,635,736 1,305,170 1,000,648
Bayer, Gormany Honda Motor, Japan Howlett-Packard, USA Hoschat, Germany Philips Gloellempantabrieken, M'tands	1,228,787 1,206,595 1,190,266 1,182,858 1,182,140	15,960 25,024 13,732 17,922 20,470	7.7 4.82 8.67 8.8 5.78	267,248 82,521 154,106 201,229 0	427.8 1462.2 772.4 587.8	1,295,044 1,165,667 1,094,964 1,130,312 1,273,663	1,167,676 1,175,139 988,847 1,118,690 1,346,742	1,065,701 1,091,327 923,960 1,045,850 1,523,524

Anomalies in the reporting system

Andrew Jack describes why UK financial disclosure methods need updating

Sipping Frascati does not normally bring accountancy to mind, but it has proved a heady legacy for those struggling with current UK financial reporting standards on research and develop-

Existing requirements are based on the work of a paper prepared by the Frascati com-mittee of the Organisation of Economic Co-operation and Development in the 1960s for its own data collection.

SSAP 13, the accounting standard that deals with R&D, was introduced in 1977 and last revised in 1989. It still uses these same OECD guidelines for the recognition of

But David Tonkin, head of Company Reporting, the Edinhurgb-based monitor of accounts that compiled the R&D Scoreboard for the Department of Trada and Industry, says: "There's a problem of definition." He says the OECD concen-

trates on an outdated sciencebased definition, split between pure and applied research and development. It misses ont areas of spending such as intellectual property, including computer software devel-He also highlights a number

of other limitations to reporting requirements on the topic in the UK. For example, foreign-owned companies with British operations do not have to disclose their spending in the local accounts if it is funded from abroad. To add to the confusion,

there are differences between the accounting standard in the UK and elsewhere, such as in the US where all such expenditure must be taken against the profit and loss account and not

capitalised, says Ken Wild, accounting technical partner st Touche Ross.

An issue for UK standards setters is whether companies should similarly be allowed to allocate R&D between the profit and loss account and the balance sheet. Deferral is currently allowed

for expenditure on projects if their technical feasibility and commercial viability can be assessed with reasonable cer-

"It is very subjective," says Tonkin, who opposes making the guidelines more restric-tive. In my view this is precisely what we want out of dis-



closure: for directors to make judgments and to put their reputations on the line."

The result of all these anomalies is that companies can in good faith find themselves struggling to represent fairly all their R&D expenditure because of the guidelines' limi-

There is nothing to stop them providing additional volscope of the standard, to reveal what they consider to be a fairer view. They now also have scope in the Operating and Financial Review, the new set of voluntary guide-lines circulated last year by the Accounting Standards

Few do so, however. There is considerable evidence that finish their drafting.

even disclose the minimal amounts required by SSAP 13, with all its current faults: something to which regulators need to pay greater heed.

An analysis of R&D undertaken for the Financial Times by Company Reporting for 521 companies with year-ends up to the end of May 1994 shows that 213 provide some indication of research and development activity. This is normally in the form of commentary in the chairman's statement, or an accounting policy note.

In three-quarters of these companies, the value is disclosed and charged to income. In a smaller number of cases, companies disclose spending in the directors' report rather than - as the law requires the accounts.

However, in 22 per cent of cases there is no disclosure of the income effect provided anywhere in the financial statements. Examples include Asda, BAA, Bass, Cable & Wireless and Guinness.

In response, some companies argue that the amount concerned is not material. Others that it would make them vulnerable to competitive disadvantage if they disclosed the amount to their rivals.

Tonkin disagrees. "Compa-nies should be debarred from making disclosures about items that are not material," untary disclosures outside the he says. "It is misleading, Otherwise the chairman is going on about something that doesn't exist."

Meanwhile, the OECD is in discussions over a revised vertions. Readers of accounts can only hope that its members do not get too carried away drinking Frascati before they

Collaborate to innovate and survive

Alan Cane examines why electronics companies are joining forces to share costs

the wisdom of spreading the Plactronics companies that were onca bitter enemies are forming unprecedented alliances aimed R&D risk, they need only look at bow some manufacturers conspicuously fail to benefit from even very high levels of at cutting research and devel-Syntex of the US ranked opment costs and improving effectiveness. Collaboration has become tha name of the number one in 1993 among larga pharmaceuticals companies for R&D spending game at an international level, as companies find themselves as a proportion of total sales. Yet it failed to invant a replacement for its big-selling squeezed between spiralling research costs and revenues forced down by recession and

anti-inflammatory drug Naprosyn which lost patent protection in the US last year. price competition.
For example, Unisys, one of In April Syntex was taken over the largest US computer manufacturers, has abandoned its own semiconductor operations, saving itself \$100m (£67m) a year. The advanced chips for The genuine breakthrough that Syntex needed is by its nature more elusive than a drug adapted from an existing its new large machines will be product. Perhaps it is more likely to be found by highly motivated geniuses working for small companies. Drugs made by International Busi-ness Machines, the world's largest computer company and still a fierce competitor. Unicompanies are prepared to pay sys, marginally profitable after a lot of money to find out.

£348m on R&D last year, well down on the £505m spent in 1990 but still equivalent to 6.65 per cent of sales.

Many large companies in the electrical and electronics sector have found it necessary to cut R&D spending in line with reduced revenues. Siemens of Germany took premier place in the sector last year with spend-ing of almost £3bn, a decline of 8 per cent on the year before. IBM, formerly the world's R&D powerhouse, was a whisker behind, but cut its spending by

> Bill O'Riordan of Imperial College, London, who is also head of research and advanced technology for ICL, the UKbased computer company owned by Fujitsu of Japan, says there are two reasons wby collaboration has taken on a new importance.

afford the costs of building and managing systems of today's complexity without help. ICL benefited greatly throughout the 1990s from an alliance with Fujitsn which gave it privileged access to the Japanese company's semiconductor tech-

nology.
It was an appreciation, however, of the funding level necessary to stay at the forefront of innovation that led the company to takeover by Fujitsu. Today, ICL, at £206m a year, spends substantially more than any other non-listed UK company; ICL's R&D represents 7.96 per cent of its £2.6bn sales.

Second, unlass companies collaborate, their ability to respond quickly to change deteriorates. The value of the experience built up by their collaboration has taken on a scientists and engineers with-new importance. Since a rapidly changing envi-be brought in line. The solu-ronment unless they are tion was a technology collabo-

exposed to fresb stimuil. O'Riordan says: "When you collaborata, you innovate; when you don't, you invent." For many companies, collaboration has become an essential feature of corporate restructuring. Amdahl, a US

company which pioneered

plug-compatible mainframe

computers, functionally identical to IBM's, seemed in trouble a year ago. Sales were stagnant as customers turned away from mainframes towards apparently more cost-effective networked computer systems. R&D spending was, at £226m, 19.9 per cent of sales, the sec-ond highest in the global rank-

Amdahl's businass pian called for the company to move down from sales of \$2.5bn to \$1.5bn. R&D spending had to be brought in line. The solu-

ration with Fujitsu, owner of a minority stake in the company. Amdahl abandoned ECL (emitter-coupled logic) cir-cuitry, which is fast but pricey,

in favour of Fujitsu's cheaper CMOS (complementary metal oxide silicon) alternative. Fujitsu now designs and builds the computer; Amdahl builds in the features which enable the machines to compete directly with IBM.

The leading semiconductor companies, Intel and Motorola

of the US, have pushed up R&D spending by 24 per cent and 16 per cent respectively as they battle to maintain their chip designs as industry standards. Even they are finding collaboration with other companies essential.
Motorola, Apple and IBM are

working together on a design called "Power PC". Last week, Intel and Hewlett-Packard

together on a new generation of microprocessor chips which could dictate the direction of computer technology into the

next century. Software companies are for the moment, an exception to the trend. SAP of Germany spends 25 per cent of its £428m revenues in developing R3, a highly successful accounting package. Quality Software Products of the UK has spent £16m over the past few years in developing a competitive product. Bigger software com-panies often buy smaller ones to add an attractive software product to their catalogue without incurring R&D costs. The pressure to spend on

R&D bas in no way diminished. In the future most companies will be able to survive and advance only by sharing

	Current		RED		RED			exicus FLSD spor			Carrent		RSD		R&D		P70	Lidous FUSD span			Carrent		MON				Provious FISID spo	
on pany	2*000 2*000	Spice Em	ar 1 % of sales	checkido 000°2	at 1 % of dist	pře salice	1992 2*000	1991 2'000	1990 20002	Company	bnens 0.5% 00072		r a % i sales		er a % of also	p/e ratio	1992 £1000	1981 21000	1990 2000	Сомрану	R&D spend 2°000	Sales (es a % of stakes	Dividende na E'000 gi	a % p/a disas ratio	1992 E'000	1991 £'000	1990 2000
All companies co	enposite																											
	7,097,412	465,870	1.56	14,315,141	49.6		6,521,107	6,204,312	5,824,668	Vickers BICC	27,800 27,000	680 3,910	4.03 0.89	9,900	280.8 39.7	08 08.	23,900 24,000	23,600 27,000	23,500 25,000	Meggitt Pearson	11,034 10,900 10,800	360 1,870	3.07 0.58	8,480 1 71,500	30.1 16.5 15.1 33		9,700	9,8
liano	739,000 575,000	4,930 6,164		667,000 328,000		15.5 14.5	595,000 478,000	475,000 432,000	399,000 393,000	British Steel Thom, EMI	28,000 22,600	4,309 4,452	0.5 0.51	20,000 128,800	130 17.5	72.9	26,000 25,800	30,000 30,100	28,000 35,100	Dalgety BSG International	10,800 10,600	4,470 574	0.24 1.85	45,700 9,373 1	23.1 13.7 28.6 21.4	7 10,000 8,900	9,600 7,900	7,4
mkinidine Beecham heli Transport & Trading	529,000	83,748	0.63	2,375,000	22.3	22.4	499,000	472,000	473,000	Tate & Lyle	22,200	S,696	0.6	46,500	47.7	12.1	11,000	12,100	12,200	101	10.700	906	1.15	15,900	66 n	11,000	9,200	11,0
Ugasa.	518,000	27,863 4,440	1.86	537,000 260,000		12.4 49.7	451,000 458,000	425,000	408,000	Johnson Matthey Henson	21,700· 20,000	1,854	1.17	16,100 851,000	113.6 3.6	127 13.2	20,600 26,000	22,400 34,000	22,000 34,000	APV Hillsdown	10,500 10,500	4,595	0.23		17.3 12.6		11.300	
eneca enecal Bectric	490,000 396,000	5,612	7.09	278,900	143.2	16.5	417,000	435,000 229,700	390,000	National Power	20,000 20,000	9,760 4,348	0.21 0.46	135,000	14.8	11.2	17,000	26,000	22,000	Angle	10,500 10,400	2,748	0.38	0	na na	10,500	9,500 9,600	8,5
alicome	325,500	2.041	15.95	148,800 56,000	217.3 451.9	20.5	254,800	229,700 216,000	221,200 237,000	Cookson	20,000	1,353	4.40	25.200	AE 0	31,6	20,300	16,200	22,300	Rectand Powergen	10,900 10,000	2,218 3,188	0.45 0.31	128,100 82,000	7.8 34 12.2 10,7	1 6,700 7 12,000	14,200	5.1
olis-Royce	253,000 237,000	3,518		457.080	51.9	28.6	417,000 254,800 229,000 315,000 240,000	· 308,000	329,000 226,000	United Biscuits	20,000 19,500	3,445	0.57	35,200 76,900	55.8 25.4	22.3	17,000	15,000	14,100	Lagorte	10,000 16,000 8,860 8,743	877	1.12		24.8 20.4	9,100	4,400	4,2
ritist Petroleum ritish Telecom	233,000	34,950 13,242	1.78	457,080 967,000	24.1	28.6 16.3	240,000	· 308,000 243,000	226,000	Recklit & Colman	19,120	2,096	0.91	65,770	29.1	18.9 7.4	15,940	15,240 8,205	12,310 2,776	Collector Tomains	8,743 8,600	14 2.060	62.45 0.42	70,800	na na 12,1 17,1	9,533 1 8,890	10,618 4,845	9,5 8,2 5,1 4,2 8,7 3,8
	477 000	8,430	21	199,000	88.9	na	189,000	586,000	591,000	VSE. Micro Focus	19,069 18,554	442 84	4.31 22.09	10,785 0	177.1 Ma	9.4	4,197 13,580	10,297	7.326	Scotta	8,520	15	56.8	0	ne na	3,671	5,809	
7 Hitish Aerospace	177,000 168,000	10,760	1.56	31,000	561,9	ns	151,000	263,000	238,000	Cartion Communications	17,322	1,005	1.72	37,219	46.5	22.7	18,714	15,408	7,326 15,796	Severn Trent	9,200	905	0.91	75,100	10.9 7.5	s 9,400	4,300	2,50
enjera Hilipan wernebara	110,000	1,874		105,000 421,000		29.8 20.9	78,500 93,000	67,300 55,000	61,890 59,000	Trafaigar House Ameraham International	17,200 15,900	3,879 269	0.44 5.91	34,300 7,600	50.1 212	7.6 26.7	15,900 14,800	6,300 17,000	ns 25,497	Laird	8.100	B24	1.3	12,500	64.8 17	7,400	6,437	8.7
TR	101,000 94,500	9,772 1,324		29,700	318.2	12.4	85,500	77,400	68,900	Charter	15,200 15,200	1,205	1.26 1.25	23,300	65.2 24.3	16.1	14,800 15,800 12,800	8,600 11,961	7,700	Alled-Lyons	8,000	5,288 855	0.15	185,000	4.3 12.6	7,000	7,000 7,700	6,0
isone ucas industries	90,800	2,434	3.78	49,600 110,000		100	98,300	104,100	98.900	Williams	15,200	1,213	1.25	62,600	24.3	19.6	12,900	11,961	9,896	Hepworth Rank Organisation	7,000 7,000	2,107	1.21 0.38		23.2 18.5 33.9 29.2		7.700 11,700	6,6
OC .	85,300 000,08	3,068 10,388	2.78 6.77	828,000	77.5 12.7	13.8 16.6	85,500 98,300 81,200 89,000	63,700 90,000	62,200 58,000 80,347 46,800	Westland	14,700	448	3.28	5,900	248.2 508	20.2 25.1	10,800 13,170	12,500	10,600	CE Heath	8,000 7,000 7,900 7,719	158	4.89	10,287	75 20.7	6,149	5.261	8,70 6,00 6,60 9,61 1,51 9,21 5,81 5,21 8,71
ritish Gas acai Electronics	72,997	1,273	5.73	172,846	42.2	24.4	79,514	90,000 95,832 77,800	80,347	Sema	14,824	502	2.91			25.1 18.6	13,170	14,040 28,051	12,680 10,815	Eurotherm Allied Colloids	7,522 7,421	158 295	4.76 2.52		79.4 28.7 85.9 18.2		6,489	9,2
lebe	70,900	1,618	4.32	38,500	180.4	16.9	84,900	77,600	46,500	Vocatione English Chica Clays	14,527 14,100	664 1,131	2.19 1.25	69,965 58,600	20.8 24.1	26.8	9,957 10,500	11.700	13,600	Croda International	· 7,200	415	1.74	11,000	65.5 19.1	6,100	7,268 6,000	5,2
cots	66,800	3,962	1.89	139,000 54,100	48.1	16	58,900 58,000	53,700	49,000	ACT	14,015	153	9.16	6,831	205.2	16.6	10,500 10,304	11,700 5,557	1,858	Oxford Instruments	7,196	101 1,043	7.13	2,178 3	30.4 15.8		8,027 7,000	8,7
iois ioi	68,000	2,022 2,573	3.26 1.94	54,100 31,300) 122 159.4	35.2 44.4	58,000 52,300	56,000 58,300	59,000 54,800	Bocker Unitech	13,400 13,281	3,589 253	0.38 5.25	46,400 4,169	28.8 318.6	36.1	13,400 12,494	13,800 10,307	12,800 12,567	Thirmes Water	7,100	1,043	U.00	81,700	5.7 10,4	7,000	7,000	4,10
Midngion mittus industries	49,900 48,600	726	6.69	35,300	137.7	15.3	45,900	43,800 24,500	43,900 22,000	Arjo Wiggins Appleton	13,200	2,727	0.48	48,700	27.1	38.4	14,800	13,500	10,300	Maikes	6,900	203	3.4	4,790 1	44.1 13.8	6,200 5,000	5,600	5,8
inus inglisums	48,500	1,393	3.48	52,300 50,100		27.4	38,800	24,500 28,000	22,000	Morgen Crucible	15,100 12,900	793 5,725	1.65 0.35	27,000 116,400	47.6 11.1	12.5 15	12,100 11,000	12,800 12,400	10,100 11,200	Bowales Coats Viyelia	6,800 6,700	2,112 2,444	0.32 0.27		10.6 19 12.6 35.7		3,400 7,000	5,8 2,4 7,0 8,3
SN	42,000 41,000	1,682 6,120		249,000	83.8 18.5	29 14	34,200 35,000	34,000	25,900 35,000	Cadbury Schweppes	12,900	3,123								Simon Engineering	6,642	386	1.72	0	na na	7.226	3,400 7,000 6,679 7,700	8,3
rand Metropoliten AT Industries	40,000	17,879	0.22	618,000		127	41,000	35,000 33,700	34,000 17,500	Bowthorps	12,636		3.78	12,455 213,800	101.5 5.6	23.5 ML	6,885 7,000	6,004 17,000	6,815 17,000	FR Poetk	6,800 6,492	185 101	3.57 6.43	5,700 1 4,007	15.8 10.8 162 22.5		7,700 4,971	7,5
urmain Castrol	40,000 38,600	2,758 2,074	1.45 1.88	52,700 56,200		19.5 15.3	36,800 37,700	38,700 36,100	17,500 40,900	RTZ Cray Electronics	12,000 11,838	3,164 201	0.38 5.89		389.3	11.7	3,371 5,715	3,210	3,000	Dobson Perk Industries	6,404	123	5.2 1	4,658 1	37.5 13.9	5,586	4.479	7,5 3,8 5,3 7,6
ourtaulds 										Madeva.	11,806	200	5.9	7,386	159.9	11.1	5,715	2,509 9,000	3,085	Blue Circle Industries Avon Rubber	6,400 6,173	1,879 265	0.38 2.32	77,700	8.2 m	9,500	5,000 4,251	7.6
SA inith & Haphew	35,900 29,100	1,417 948	2.53 3.07	30,300 52,700		16.7 16.5	32,400 24,300	29,300 20,200	29,100 17,000	RAN De la Rou	11,700 11,100	1,065 560	1.1 1.98	22,600 32,600	36 34	29 21.2	10,300 6,500	9,000 5,356	10,300 7,587	Grassby	5,173 5,064	114	5.32	4,109 1 4,221 1	50.2 20.3 43.7 34.3		4,231 5,616	1,3 3,7

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Scott Inquiry takes centre stage

Malcolm Rutherford reviews 'Half the Picture' at the Tricycle Theatre

he best tribute to ichard Norton-Taylor's dramatised version of the Scott Inquiry into British arms sales to Iraq is the discussion it provokes at the end. This takes place in the theatre with a formal chairman, a panel of lawyers, journalists, politicians and, as with Question Time on television, the audience is encouraged to join in.

On the first night Paul Henderson, managing director of Matrix Churchill, the company that supplied the weapons material, was a

member of the panel. He said that the stage version, including its portrayal of him as a man who spied for his country then was shopped by his own government, was broadly accurate

For the rest, there was a split among the andience between those who believed that practically any kind of arms sales is immoral and those who recognised that the central point is that the government was prepared to let people who had helped it go to prison and sought to conceal the evidence that would have protected them. In between, on which there was little disagreement, there was a great deal about excessive government secrecy.

That is the trouble with Scott Inquiry. What precisely is it about? We shall not know the full answer until we have the Scott report towards the end of the year, by which time many of the ministers involved may be out of office. Some of them, like Alan Clark, already

So it is not surprising that it is also the problem with Norton-Taylor's piece. Half the Picture takes its nama from a statement by Sir Robin Butler,

the cabinet secretary and head of the civil service, oo answering questions in Parliament: "You should not try to mislead ... You give some information that you safely can ... Half the picture can be true".

orton-Taylor ts a journalist on the Guordion who has long campaigned for greater freedom of information. There are no particular distortions, except perhaps in tone of voice. in Half The Picture. Almost

written or spoken evidence to the Scott Inquiry.

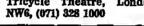
How far you appreciate it may depend on how well you know tha subject, and wa would all know the subject even better if the inquiry had been televised in the first place. The word is that Sir Richard Scott turned down the request because he regarded television as a medium mainly for entertainment.

Scott was wrong: his hearings would have made riveting television by any standards, both entertaining and informative. If you can televise Parliament, including Select Committees, surely there is a compelling case for televising a public inquiry into the working of government.

Norton-Taylor does well with the material on stage. All the characters are there. Sylvia Syms is a severe Lady Thatcher and avoids falling too far into parody. Jan Chappell is a precocious pushy Presiley Baxendale QC, the woman who asks most of the questions. Michael Stroud plays Scott. Arguably the piece is too kind to Alan Clark who has become a cult figure even with a predominantly left wing audience in Kilburn. Played by Jeremy Clyde he is almost cheered for his outrageous nonchalance. Norton-Taylor, too, plainly has a soft spot for Michael Heseltine (David Robb) who is the nearest to a hero on the government

Directed by Nicolas Kent. Half The Picture remains a documentary rather than a play, but it is an outstanding example of the theatre as a place for public discussion.

Tricycle Theatre, London





Michael Stroud and Jan Chappell in Norton-Taylor's drama on the inquiry into British arms sale to Iraq

someone else's nightmare when you bite back the words:

"See an analyst."
As an exercise in re-heated surrealism - lacking, alas, the elegance of means that earlier games with the psyche had – it is an unmitigated veration to the spirit. I do not find that Vandekeybus thinks at any moment as a choreographer in Mountains made of barking. Dance for bim is a blunt instrument with

Dance/Clement Crisp

Mountains made of sheer self-indulgence

Five years ago we saw post-modern circuit - one of the less engaging circles of Vandekeybus' Loudon debut with What the body does not hell - and be has returned ember, which told of the to London with creations in ew dance-theatre emerging which dance has seemed increasingly unenterprising, in Belgium. It might look at increasingly a slave of an moments like Euro-crash bodies slamming to the floor; oblique, angry theatre. It is, danger the essential in every I suppose, par for the course in our dislocated age, and one step - but its emotional force and wild logic, its skilled must accept the work of disdain for hazard, were hugely effective. I called it Vandekeyhus and his fellow choreographers as symptomatic of a time when 'essential viewing" in these pages.
Since then Vandekeybus has new dance-theatre makes

much of anxiety and frustration, and little of movement invention.

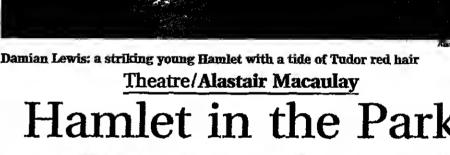
But I find Vandekeybus' latest piece - seen at the Queen Elizabeth Hall on Tuesday and Wednesday self-indulgent and noworthy The illogicalities of nightmare, a trio to film in North Africa, the presence of a blind Moroccan actor in his troupe. seem part of the paraphernalia of this 90 minute trial. Other ingredient include Vandekeybus' favoured slam-dancing procedures (which look very old-fashioned nowadays); din (the thump of drums reverberating in one's chest-bone); kamikaze

relationships between men and women; a German chap haranguing us; Vandekeybus' home-movies of "My trip to Morocco" to bore us; something nasty happening to a chicken on film; male nudity and public washing (completed by a shower of sand - and grit in the underpants); a tea-party; a girl having her ears cleaned: chatter; furry masks; a alanquin ma de of brooms. (What a list!) It is a sequence of demonic energy and diabolical racket, and is as muddled and pointless as

theatrical points. He has an eye for quick and predictable design effects and for the coarsest stage tricks. The result has the unfocusse vehemence of a mob, and is about as enjoyable to watch.

On Monday in my piece on Lost Ballerinas, I was misinformed about the cost of putting a student through the ENB school, which should have read £14.700.

poser himself), and found emotion in every word of his excellent Italian. Lil-iana Mazzarri was a charming Eurydice - though the title role, a small part and she, too, had the temperament the music requires. Sarah Connolly's Tragedy sang the Prologue with poise, and Kym Amps mada something of her Nymph and Venus. Ian Caddy's power-



his most excellent canopy the oir, look you... It makes a dif-ference to when you can see the firmament Hamlet is talking about, and here is one of the gains of watching tre in Regent's Park. With the sky above he counts himself king of infinite space; amid the theatre he might be bounded in

a nutshell. The three other strengths of Tim Pigott-Smith's staging are its clarity of utterance, its con cision, and its protagonist. Every word registers, even from actors who a fortnight ago were often inaudible in A Midsummer Night's Dream. The play has been cut (not only is Hamlet's address to the players gone, so is the play the players usually speak) so tautly that the audienca's attention never flags. As for young Damian Lewis (just a year out of drama school) as Hamlet, everything he does has the audience firmly held.

Strikingly equipped with a tide of Tudor red hair, burning blue eyes, heroic bones and good build, this Hamlet works hard to win his authority over the play, but win it he does. He speaks the lines "with good accent and good discretion", and he has both virility and stillness. He is a Hamlet both Romantic (frozen in melan-

choly, vivid in action) and modern (playing at crude aperies in his "madness", sardonically rude). He manages both to relate freshly to everyone else onstage and to snggest that Hamlet's mind is always around him.

Remarkably, he achieves this by working within very narrow confines. His vocal register is seldom more than a minor third, he makes no particular

Apart from the open air, the strengths of this staging are clarity, concision and its protagonist

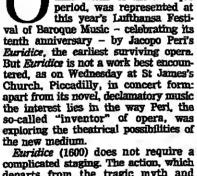
play between piano and forte, he employs no great contrasts of speed during his soliloquies. Yet one attends to him. He has not yet bent the role to his will, has not relaxed within its rigours so that we trust his command of it, is still shifting in his way of addressing tha andience - and yet one attends

to him. One attends to his chief colleagues, but with considerable less gratitude. Ophelia (Rebecca Egan) is a pushy

modern (Pamela Miles) a slow and unemotional marshmallow, Claudius (Paul Freeman) a flamboyant thespian of flashing eyes and rolling Rs, Polonius (David Collings) a tepid old trouper. Everything the last three actors do tells us, with emphatically actorish deliberation, that they are actors of the Old School - a school so old one thought it was dead. Their experience makes its effect, but I cannot believe in their characterisations for a moment.

The production is set, more or less, in Georgian times: Empire-line dresses, frock coats, trousers and waistcoats. The way poor Gertrude kept hitching her skirts around told us only too clearly that the 19th century just waso't her time; she only relaxed when put into a nightie for the closet scene. And wby has the destgner, Tanya McCallin allowed Gertrude and Ophelia to wear hairdos that are so blatantly modero that they clash with their frocks? The effect is cheap - as if the Open Air Theatre could not afford wigs. But these irritations are peripheral. Hamlet is alive in Regent's Park, and Hamlet is more than promising.

In repertory at the Opeo Air Theatre, Regent's Park, NW1



pera, one of the first musical

innovations of the Baroque

ountains made

says Wim Vandekeybus.

of barking

An evening made of torment,

of modish nonsense. An event

made of mindless aggression,

say I. A theatre-piece made

irrational posturing, cheap

become popular, much seen

on the international

effects.

Euridice (1600) does not require a complicated staging. The action, which departs from the tragic myth and returns Eurydice to Orpheus - a happy

Baroque opera/John Allison Peri's 'Euridice'

end was required since the opera was written as a wedding entertainment - is straightforward; the settings, a forest glade and the underworld, can be left to the spectator's imagination. In the absence of these, the dramatic burden falls on the music, and Wednesday's

The "period" group Combattimento has a fine sense of musical style, but David Roblou's direction from the keyboards - harpsichord, organ, regal -

performance was too cool and reflec-

was often over-relaxed. Some of the singers treated Euridice as an oratorio, singing with little inflection of tone, which is fine for the limited emotions of sacred music but makes for no dramatic spark. Even some who had to impersonate more than one character seemed limited to a single vocal colour. There were a few outstanding exceptions, in each case the singers best able to make something of the Italian text. Mark Tucker was a poignant tenor Orpheus (a role first taken by the com-

encounter was one of the few episodes all evening to come to convincing life. The Lufthausa Festival of Baroque

Music continues at St James's, Piccadilly, and the Wigmore Hall until June

ful Pluto outsang them all, and his sim-ple gestures helped: the Pluto-Orpheus



■ EXHIBITIONS GUIDE

AMSTERDAM Van Gooth Museum Van Gogh'e Self-Portraits: 20 paintings and two drawings dating from his stay In Paris 1886-7. Ends Oct 9. Daily Rijksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon

BERLIN

Museum für Indische Kunst Lost Empire of the Silk Road: a remarkable collection of 87 well-preserved pieces of Buddhist art from the tenth to 13th centuries. Ends July 3. Closed Mon Haus der Kulturen der Welt Tanzania: masterworks of African sculpture. Ends Aug 7. Closed Mon

Kunstmuseum Balthus (b1908): drawings by the French painter, now resident in Switzerland. Ends Sep 4. Closed Mon

BONN Kunst- und Ausstellungshaffe The Century of the Avant-Garde in Central and Eastern Europe: 700

works by 200 painters and sculptors, offering a thematic guida to the main artistic developments of the past century. Ends Oct 16. Closed Mon BRUSSELS

Palais des Beaux-Arts Robert Smithson: retrospective of the American artist, one of the founders of Land Art. Ends Aug 31. Closed

COLOGNE Museum Ludwig The Unknown Modicilizate 240 of the 440 hitherto unknown drawings amassed by Paul Alexandra before 1914. Ends July 10. Closed Mon

Musée Magnin Sculptors' Designs 1850-1950: a survey of developments in sculptural art from Daumier, Degas and Rodin to Giacometti and Picasso. Ends Sep 11. Closed Mon DUSSELDORF

Hetjens-Museum Ceramic Works of Picasso, Miró and Taple: around 90 works by three major Catalan artists of the 20th century, ranging from Picasso's decorative owis and figurines to Tapies' massive sculptures. Ends Aug 28. Closed

GENEVA Petit Palais The Family: from Bazille to Picasso, a thematic series of paintings. Ends Oct 31. Daily Musée d'Art Contemporain

Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep Musée Olympique Miró: 41 sculptures covering his entire

career, plus 13 prints from the

1960s and 70s. Ends Sep 4. Daily Tate Gallery R.B. Kitaj (b1932):

retrospective of the American-born artist who has lived in Britain since the 1950s and is now regarded as one of the outstanding figurative painters of his generation. Ends Sep 4. Daily Victoria and Albert Museum Pugin

A Gothic Passion: the first exhibition to look at the life, work and influence of one of the most important designers of the 19th century. Father of the Victorian Gothic revival, Augustus Welby Northmore Pugin (1812-1852) is probably best known for his collaboration with Charles Barry on the design of the Houses of Parliament at Westminster, Ends Sep 11. A new Glass Gallery has been opened to display over 6,000 objects, Mustrating the history and development of glass over the past four millenia. Daily

National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition -Paintings and Drawings from the Oskar Reinhart Foundation: 130 works from one of Europe's finest collections of German, Austrian and Swiss art of the 19th century. Ends Sep 4. Daily Accademia Italiana Michelangelo

- An Invitation to Casa Buonarotti: 15 drawings, plus letters and books. Ends July 24. Daily British Museum Indian Paintings and Drawings from the Collection of Howard Hodgkin, Ends Aug 21. German Printmaking in the Age of Goethe, Ends Sep 11. Daily Eskenazi Yuan and Early Ming Blue and White Porcelain: 26 rare

pieces deting from 1340 to 1435. mostly from private collections. Ends July 8. Closed Sat and Sun (10 Clifford Street W1) LUGANO

Villa Favorita Europe and America: 19th and 20th century oil paintings and watercolours. The Thyssen-Bornemisza Foundation's summer exhibition consists of 150 works ranging from the Hudson River School to examples of Cubism, German Expressionism, tha Russian avant-garde, Dada, Surrealism and Pop Art. Ends Oct 30. Closed Mon. No parking facilities: take Bus no 1 (tel 091-516152) MADRID

Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed

Fundacion Juan March Isamu Noguchi (1904-88): 58 outdoor sculptures expressing the oriental and western cultural traditions inherited by Noguchi, an American artist of Japanese origin. Ends June 26. Daily

Castellana Fernando Botero: an outdoor parade of 21 of the Colombian sculptor's buiging bronzes. Ends Aug 12 MARTIGNY Fondation Pierre Gianadda From Goya to Matisse: Masterworks of

the 20th Century. Ends Nov 1. Daily MUNICH Haus der Kunst Elan Vital: an exhibition exploring the link between Kandinsky, Klae, Arp. Miro and Calder. Ends Aug 14. Closed

Kunsthalle der

Hypo-Kulturstifung El Dorado: 300 gold and ceramic treasures from pre-colonial Colombia. Ends Sep 4. Daily Akademie der schönen Künstr

The Russian Stage 1900-30: 190 treasures from Moscow. Ends June 26. Closed Mon Neue Plnakothek Wilhelm Leibl (1844-1900): around 200 paintings and drawings offer a 150th anniversary retrospective of the Cologne artist who was the leader of German Realism in the late 19th century. Ends July 24. Closed Mon NEW YORK

Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women; 80 paintings and works on paper from the 1930s and 1940s. Ends Sep 4. Tha Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Closed Mon Museum of Modern Art From

Manet to Picasso - Masterojeces from the David and Peggy Rockefeller Collection. Ends Sep 6. Closed Wed Grand Palais The Origins of

Impressionism 1859-69. Ends Aug 8. Closed Tues Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on ten contemporary artists. Ends July 17. Closed Mon (11 ave du President Wilson)

ROME Palazzo delle Esposizioni Dada

- The Art of Negation: 300 works. Ends Juna 30. Richard Long: eight installations by the British artist. Ends June 30, Closed Mon San Michele Garden Theatres drawings, engravings and scale models showing the lost baroque art of creating theatrical scenery using only carefully manicured

plants and trees. Ends June 26.

Closed Sun (Via di San Michele)

Museo del Folklore The Influence

Of Egypt: how the cuit of Egyptology influenced film-maken and strip-cartoon artists. All the decorative hieroglyphics are based on the numerous obelisks scattered around central Rome. Ends June 24. Closed Mon (Piazza S. Egidio) STUTTGART

Staatsgalerie Picasso: a rare showing of 400 prints from a private collection, including portraits, still-lifes and many other themes. Ends Aug 14. Closed Mon Linden-Museum Art of the Aborigines: 90 wood paintings, 40 sculptures and an installation. Ends Sep 25. Closed Mon

VENICE Antichi granai della repubblica China in 220 BC - The Warriors of Xi'an: ten of the 7,000 lifesize terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war chariots and weapons discovered in one of this century'a most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca) Palazzo Grassi Renalssance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections, Ends Nov 6, Daily

Scuola Grande di San Rocco Tintoretto portraits. Ends July 10 WASHINGTON

National Gallery of Art Willem de Kooning'a Paintings: 75 works by Amarica's influential abstract expressionist, Ends Sep 5, From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists. Ends Nov 27. Recent Prints and Sculpture from Gemini G.E.L.: a selection of work from the acclaimed contemporary art workshop in Los Angeles. Ends Oct 2. Daily National Museum of American

Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th century naturalist, explorer and artist. Ends Aug 29.

Arthur M. Sackler Gallery Contemporary Porcelain from Japen. Ends Sep 5. Daily ZURICH

Kunsthaus Dada: 150 paintings, drawings and collages, plus a large number of posters, letters and other documents relating to the nihilistic movement founded in Zurich In 1916. Ends Aug 21. Amor and Psyche around 1800; an artistic exploration of the classical Greek legend, with paintings and drawings by David, Picot, Meynier and others. Ends July 17. Closed Mon

Graphische Sammlung der ETH Kicking Boxes Billiard: European Art and Geometric Forms Since 1970. Ends July 15. Closed Sat

sturdy Cherokee Jeep appears as outsized and out-of-place as its name might suggest

But Yuki and Asami Nagashima are delighted with the US-made vehicle they bought this year, which offers the kind of spaciousness Japanese families increasingly crave but few Jap-

anese cars can yet offer.
"At first, we hesitated," says
Mrs Nagashima. "We thought an American car would consume a lot of petrol and break down easily. But we liked the Cherokee's style."

For the first time in decades, Japanese consumers are taking a serious look at American cars and are pleased with what

they see. While US and Japanese trade negotiators squabble over ways to break down trade barriers, US carmakers have lifted sales in Japan to unprecedented leveis. Ganeral Motors, the bigst car manufacturer in the US, more than doubled registrations in Japan last year, to 28,700 units, including its Ger-man-made Opel model. Chrysler, the third biggest American manufacturer, saw registra-tions surge last year from some 1,600 to 5,700. Ford also boosted sales in 1993 by nearly 50 per cent to more than 5,400.

Although the figures are still Japanese car sales of more than 4m last year, these successes have fuelled the ambitions of the Big Three US carmakers in a markat once considered impenetrable.

The Big Three will be able to sell 100,000 cars in the near term. That is not a dream but a reality," says Mr Yoshiaki Kanno, head of public relations at General Motors in Japan.

Chrysler says it expects to double sales this year to 13,000 vehicles. Ford hopes for a similar growth rate this year and talks optimistically about selling up to 100,000 imported cars by 2000 (in addition to cars sold with the Ford marque but manufactured by the Japanese Mazda group). GM is targeting 100,000 imported units for all CM brands by the turn of the

The Big Three's success in Japan and their confidence about the future, stem from several important changes in the US car industry, in the carmakers' approach to the Japanese market and in the Japanese market itself.

First, US cars are perceived in Japan as a much improved product, in sharp contrast to the perception a decade ago

Drive into the rising sun

Michiyo Nakamoto on inroads US cars are making in Japan

US car exports to Japan: higher gear



when the Big Three's cars were notorious for poor quality and high fuel consumption.

The Big Three have put a lot of effort into raising their quality and there is little difference between US and Japae cars," says Mr Atsushi Horigome of Tokyo Nissan Auto Sales, a dealer affiliated to the large Japanesa car-maker, which recently began selling Fords.

Such recognition would have been unthinkable a few years ago when the widespread view in Japan was that American cars fell way behind Japanese standards. At the time, many Japanese joked that if you eard a noise under the bonnet of an American car it would be that of a Coke bottle left behind by the production line

A second factor is the newed confidence of US manufacturers who believe their latest models are highly competitive. "My Lincoln Continental drives 7km a litre. Fuel consumption is much better than Japanese cars of the same size," says Mr Konen Suzuki, president of Ford Motor Japan. The increased attractiveness of US cars has been helped by the growing number of Japanese ravelling and living abroad. "People no longer see imported cars as something unfamiliar," eays Mr Shoji Sugimoto, a director of Yanase, the car

importer and dealer which

sells GM cars.

ut better quality and an improved image alone do not account for the rising sales. Equally important has been the charp fall of the dollar against the yen in recent months, which has made US cars more affordable.

The dollar's weakness has, for instance, led to a fall in the price of the Cherokee, from Y5.32m two years ago to Y3.7m (£23,600) today. The price of Ford's Taurus Wagon has fallen 10 per cent below that of comparable Toyota.

US carmakers have also been helped by the uncharacteristic sluggishness of Japanese competitors' response to changes in market fashions. While US station wagons have become popular with Japanese families keen for more spacious vehicles, few Japanese car-

makers have responded with a cars. "Japanese station wagons are commercial vehicles," says one manager at a US car group

This lapse by Japanese car-makers has provided US rivals with an opportunity to gain a toehold in the local market. At the same time, recession-hit dealers, desperate to keep their businesses going, are more willing than ever to sell foreign

"If we can't make money selling Nissan cars, we'll just have to sell Ford cars," says Mr Masaru Izumi, chauman of Tokyo Nissan Auto Sales. Such trends are encouraging

US manufacturers to use Japan as a springboard for boosting sales in the region. "The Japanese market is the second biggest after North America. Success here means a big step forward in Asia." says Mr Osamu Nagata, marketing nanager for Chrysler in Japan. That explains why the Big Three are strengthening their sales and service networks in right-hand drive cars (the Japanese drive on the left) and adopting aggressive pricing strategies in an attempt to secure their foothold in the Ford last month caused a big

stir in the industry when it announced a price of Y2.29m for its 3,800cc 1994 Mustang cheaper than the nearest equivalents, the 3,000cc Toyota Supra (Y2.9m) and the cheapest Nissan Fairlady Z (Y3.5m). Ford says that while the high yen was a factor behind the low price, there were broader strategic considerations. "What Ford is trying to do is challenge Japanese makers," says Mr Konen Suzuki, president of Ford Motor Japan. US car manufacturers realise that, in spite of their early successes, further efforts will still be needed to meet the high expectations of Japanese consumers. Pleased as thay are with their Cherokee, the Nagashimas complain that the car is difficult to drive: "It's like a truck and the steering wheel is not in the right post tion for Japanese drivers, notes Mrs Nagashima.

US carmakers also face a race against time. Japanese manufacturers are beginning to reap the gains of a period of restructuring and the introduc tion of new, cheaper models that will be better placed to compete with American prod cuts. Ford's Mr Suzuki says "Japanese carmakers will make a comeback. So we must win acceptance before that."

Joe Rogaly

The naked civic servants



are not thinking clearly. Their curse is not the recession; nor is it inept administration. It is intellectual. They

suffer from what Mr David Willetts, a backbencher with a brain, calis "a dangerous uncertainty about the nature of modern Conservatism". You and I might have thought that the Tories are no longer useful because they behave as two parties, in two minds about what they stand for. Mr Willetts puts it differently. "The real problem," he writes in a pamphlet" out today, "Is that Conservatives have become wary of relying as heavily on the free market as we appeared to do in the 1980s." Or, as Mr Daniel Finkelstein of the Social

Market Foundation observes in foreword, "the counter-revolution against a rationalist. abstract and universalist free market triumphalism continnes to gather pace".

Tell us another one. Of course that is what is happen-

ing. Capitalism unfettered is being blamed for all our anxieties. The Thatcherite 1980s eroded the power of many respected institutions. Lady Thatcher acted on the advice of, among others, Mr Willetts himself. Much of the medicine was necessary, but there are these dratted side-effects. in the present decade we fear an unravelling of our polity, a disconcerting process whose end is not in sight. Everything is undermined - the civil service, the system of justice, the mon-archy, the professions, the BBC. Mr Willetts defends market economics against these charges, but he does not exonerate "neo-Liberals". The trouble with them, he says, "is that they simply think in terms of without any understanding of the institutions, values and address the dangers of corrupties which are not just good in themselves but are anyway. essential for any real free market to thrive".

Ah yes, but that is not what the gentleman intimated last night. "Conservatives have made a useful alliance of convenience with the free-market neo-Liberals and fought many of the battles of the 1980s with them," the ungrateful brnte confesses this morning. He didn't say that when he was enjoying his alliance of conve-nience. His song now is about enduring institutions, such as the family and the nation, not to mention important lasting values, such as bonesty, pru-

dence and generosity. These are as much part of the make-up of a true Conservamanagemant practice, fiscal prudence, voluntary societies, a proper legal framework - and the

market. "The challenge facing both our main political parties," be writes, "is to formulate a coherent set of policies which shows that, as well as for the individual, there must be e role for collective action, but that collective action does not necessarily mean state action."

Mr Willetts has produced a robust defence of this currently apposite proposition. It is closely argued, often thought-provoking. "Civic conservatism" could catch on, as a phrase. Alas, the substance of his thesis is undermined by what he leaves out. He clearly favours local self-determination, but dodges the issue of local government, which his lot have all but destroyed. He defends the health and educa-

tion inherent in appointments from the centre, made by ministers of his party. He warns of the "damage which enormous concentrations of economic, political and legislative power in the hands of government can do", but appears not to understand that over the past 15 years it is his, Conservative, government that has wielded

that power. Someone equal to the task should be brought forward to rebut him. Enter Dr John Gray, a political theorist and, once, a fellow-traveller among neo-Liberals. Dr Gray's pamphlet**, due next week, is advertised in Mr Willetts's as "one of a pair"

which could be

Punch or Judy.

Punch Gray

will argue that the destruction

of institutions

and values has

now gone so far as to

We let the free

market rip and

To declare a belief said of either in minimal government and

the free market is an insufficient response to the human need for a be irreversible. stable family

> now we must pay the price. There is no turn-ing back to one-nation Toryism. The only remaining undisputed value in our society is choice, self realisation, individual advancement. You cannot recreate the traditional family, or a sense of duty and loyalty. It is too late. As Mr Willetts reminds us. Dr Gray is apt to quote Wittgenstein's remark that "trying to repair a broken tradition is like o man trying to mend a broken spider's web with his bare hands".

> It could be that a reass bled tradition is offered by Mr David Selbourne's The Principle of Duty, published this week by Sincialr-Stevenson. This is one of those essays that most of us know is important but cannot quite understand. It

is described as "the most comprehensive theory of civic society in English since Locke and perhaps that is so. Mr Sel bourne attempts to shift the basis of political theory from talk of rights to an equation, in which the duties of society to the citizen are matched by the duties of the citizen to society. As I read him, he challenges "self realisation through units peded freedom of action" as an overriding goal, but also rejects the notion that welfare and work are natural rights His principle, he tells us remains la essence a principie of moral expectation - the expectation that the citizen will respect the civic bond and

voluntarily accept co-responsi bility for the civie order - and of onticipatory moral disap-proval if he does not. What beats me is how the

ethical expectations of any of these three contemporary political philosophers can be met in a secular society. On the other eide of the Atlantic there is talk of certain values, such as "fairness" and "justice", as natural to the human condition. You do not need a religion to sustain them. They simply arise because, as conscious beings, we see the util-ity of them. This may be so, but every night the TV news suggests otherwise. We can be sure that to declare a belief in minimal government and the response to the need of most human beings to be part of a stable family in a settled conmunity. Mr Willetts is right about that; so is Dr Gray. So, for that matter, is today's Labour party, which is another reason why the Conservatives are in such a deep hole.

*Civic Conservation, by David Willetts. **The Undoing of Conservatism, by John Gray. Both £10 from the Social Market

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL

Broad approach to | No mood for a shift to local government change is right

From Sir John Banham. Sir, In your leader (June 14) you coined a new catch-phrase, the "Concorde fallacy" to describe the current review of local government structure in the English shires now being undertaken by the Local Government Commission - even though only half of our recommendations are as yet in the public domain.

As an occasional user of Concorde (although not at the public expense) I am always impressed with the vision, engineering genlus, international co-operation and quality of service that makes it possible for me to arrive in New York before I have left London, and fit for work. It would be nice to think that those now closely involved with local government could match these characteristics

The fallacy in your own approach, if I may say so, is shown in your last paragraph. You acknowledge a case for unitary status for Leicester and Bristol, and for the abolition of new counties such as Avon and Cleveland, But there is a substantial number of broadly similar places. If Leicester, why not Derby and Nottingham? And if not these. why not Plymouth, Portsmouth, Southampton and a good few others? And Humberside, Cumbria and Hereford

It must be right to pursue a broad approach to cover all the English shires and to allow these issues to be aired in front of the commission and local people so that we may all weigh the evidence for change. It was also right last year to speed the process up so that local government need not be in limbo for any longer than is

necessary.
In undertaking the review, the commission, often alone among the many interests concerned, shares most of the concerns to which you now draw attention. First, the commission has always been clear that the law provides that it may propose no change in the current structure if that appears to be what local people want and local circumstances dic-

Second, the commission has always been concerned to determine, as closely as can be. the true costs of reorganisation and has put these forward so that local people can judge whether they wish to pay the price (as in Rutland where it could be attained for the price of a pint of Ruddles a week for every household).

Third, we have been very concerned to maintain the strategic capability of local government. This has been one factor in our decision in many areas to recommend the retention of the county council and in our wish in nearly every area to retain the existing structure planning framework. It also underlines the commission's general preference for any unitary authorities in rural areas to be larger in population terms rather than smaller.

Fourth, the commission is clear that new councils should devolve management to tha local level and provide a bigger role for local councils (an approach the government espouses in Scotland and Wales but so far seems unwilling to support in England).

Fifth, the commission is clear that the real stakeholders in local government, that is local people, should be closely involved in the process of deci-sion, often to the dismay of local politicians who have their own interests to promote. That is why the commission is now embarking on an unprecedented exercise to consult every household on a range of possible etructures, any of which we will be prepared to commend to the secretary of

Far from being an example

of the "Concorde fallacy" the commission's approach to its task is aimed at testing all the arguments of the propo-nents for change thoroughly, including the financial arguments. Then, if change is to be made, it will be in the light of all the relevant facts. A similar approach to the development of Concorde would probably have resulted in it never having been built. What a shame that would have

Moreover, it is at least preferable to the "chattering classes" failacy: the notion that officials (and leader writers) in London, often with no di rect experience of rural life, know best what is good for the people in places like Cumber land, the Fens, Huntingdon shire and Rutland. All previous experience suggests that they

John Banham. chairman, Local Government Commission for England, Dolphyn Court, 10-11 Great Turnstile, Lincoln's Inn Fields,

United States of Europe

From Dr Benn Steil.

peans were about as excited as they would be by a fourth plate of lasagne. But the European Union, like an Italian mother, just won't take "no" for an answer.

With recent polls revealing growing anti-Maastricht sentiment across Europe, "citizens of the European Union" were in no mood to ratify further moves toward the creation of a United States of Europe. Yet, with no outlet for legitimate desires to keep accountability lodged in national parliaments Europeans used the European Parliament elections to deliver a loud, but garbled, message on the state of the union and domestic politics.

With voter turnout at its lowest since Euro-voting began in 1979, substantial numbers were effectively endorsing the closest thing to a pan-European movement; the movement to stop further transfers of sovereign control to remote supranational institutions. Where well-financed, anti-Maastricht groupings were on offer, such as in France, voters delivered stinging rebukes to the main parties. As for the main par-ties, their representatives gen-erally vied to woo voters either with nationalist lines or promises to pick the pork barrel better than the other side. There are 567 MRPs who are

the illegitimate children of this unedifying affair. They will form a new parliament resemhling a Tower of Babel in ways other than linguistic. Articla 138a of the Maastricht treaty emphasises the importance of European political parties "as a factor for integration within the Union. They contribute,

Sir, Presented with a fourth slate of candidates for the Strashourg parliament. Euro-

With nine contrived and tenuous parliamentary groupings - some including anti-union-ists, and the third largest being the "non-attached" - anyone with a "European awareness" should recognise that they cannot manifest a "political will". Despite the parliament's dublous pedigree, there is a disturbing, almost religious, aura attached to its status as a "democratically elected" insti-

tution. Newly elected MEPs are already crowing about their mission to hring the Union under "democratic control and scrutiny", which will largely consist of exercising their new powers of obstruction under Maastricht provisions. MEPs of all political hues have united behind gratuitous threats to veto new commissioners and legislation, all in the service of arrogating more powers from national governments, and thereby contributing to the construction of the United States of Europe which Europeans have been saying they

don't want. "There can be collective European ventures only if the citizens take an interest and are convinced that the overall direction is the right one" the words of Commission president Jacques Delors. This time, at least, it is worth taking him seriously.

Benn Steil, senior research fellow, International Economics The Royal Institute of International Affairs, Chatham House, 10 St James's Square, London SWIY 4LE

Where does Blair stand on EU? From Mr S G Grant.

Sir, in your interesting interview with Tony Blair ("A mar-

ketable Danger Man", June 11/ 12), it would have been helpful had he outlined his standpoint on the issue of European Union. John Major has been criticised, rightly or wrongly, for changing his mind over a two-speed Europe. It has to be | Letchnorth, Herts SGs 3PU

remembered however, that Mr Blair, together with Margaret Beckett, the acting Labour leader, and John Prescott. acquiesced in Labour's policy commitment at the 1983 general election to leave the European Community, 23 Sollershott West,

Explanation on abuses needed From Mr A Joseph.

Sir, if Mr Kit Jebens, chief executive of Lautro, the life assurance industry regulator, believes that "the level of abuses is now at a more acceptable level - as quoted m your article, "When he dies my dear, all this will be yours" (June 11) - then could we

please be informed what is this acceptable level. How does it compare with what Lautro thinks is an acceptable level of abuse in other professions? A Joseph, White House Farm Tenholme Bar, Northallerton,

Yorkshire DL6 3LO

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Friday June 17 1994

Sanctions and N Korea

That western countries would plated will have much actual move towards imposing sanctions upon North Korea was inevitable following its removal of fuel rods from the Yongbyon reactor with the apparent intent to make nuclear bombs. Coupled with its refusal to permit adequate inspections and its withdrawal from the International Atomic Energy Agency, which carries out the inspections, this action deserved a response - otherwise the Nuclear Non-Proliferation Treaty would be

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Taken as

As drafted by the US, the sanc-tions would be mild, and preceded by a grace period to give Pyongyang another chance to comply. The avoidance of more provocative measures is sensible: the world must continue to avoid the temptation to over-react. Though NPT principles are important, it should be remembered that India and Pakistan have developed nuclear capabilities with impu-nity. It has to be taken into account that North Korea is a small, isolated country run by an aged maverick who wants more international respect and has very few cards to play. The decision to draft moderate sanctions is also useful in that it helps to fend off hotheads in the US who are calling for precipitate action against Kim Il-sung – including former senior officials who ought to know better. At the same time, the proposed measures have a better chance of achieving an interna-tional consensus than would more

draconian punishment. However, it would be pointless

effect upon North Koreans, who eke out a poor but largely self-reliant existence. International con-tacts are so few that their reduction will barely be noticed. The US has stopped short of proposing a cut-off of foreign transfers of money because this would proba-

bly not be acceptable to Japan. Given the absence of real impact, and the possible conse-quences of imposing sanctions at all - North Korea promises to wage a "pitlless war" - diplomatic efforts to resolve the crisis without sanctions must be persevered with until the last possible

Former President Jimmy Carter's current visit to Pyongyang may prove useful. But China seems to hold the real key - espe-cially as it can veto sanctions if it believes that their time has not yet arrived. Beiting's efforts to reengage Pyongyang over the past week, playing bost to officials including its chief of staff, should be given time to work.

China and Japan, which with South Korea have the most to lose immediately from failure to resolve the crisis, have traditionally held back from direct involvement in international disputes. The failure so far of US-led efforts to bring North Korea round puts an extra onus upon them to use their influence to do so, to which Beijing and Tokyo appear to be responding. An Asian diplomatic solution to an Asian problem backed by the threat of broader international action if necessary -

> where he went on to specialise in resuscitating failing companies.
> He has never worked in the securities industry and thus cannot be accused of representing vested interests. It is this characteristic of being an outsider which some City observers say may prove his great

ot one of us." That

view of the London

Stock Exchange's new

chief executive came

from a group of UK

stockbrokers who recently invited

him to speak. It is also the view

heard in many trading rooms and

boardrooms, as some in the City struggle to come to terms with the

exchange's new leadership.

The main challenge for Mr Mich-

ael Lawrence will be to salvage the exchange's dented reputation and

forge a more coherent identity for

an organisation which has never

decided whether it is a club, a com-

"What he ought to be worried about is whether the exchange has

any role at all," said one board member. "The exchange's only

function seems to be to legitimise

decisions which favour six big

marketmaking firms," Marketmak

ers are the firms which indicate the prices at which they will buy and

sell blocks of equities on the

exchange's Seaq computer screens.

Mr Lawrence has assumed his

role at a crisis point in the exchange's history. Not only has its international standing been dented

by the collapse last March of its

ill-fated Taurus project for paperless share settlement, but the character

of London as a securities trading

centre is changing radically.

Since the liberalisation of Big

Bang in 1986, non-UK investment

banks have increasingly dominated

the exchange, employing their capi-tal in innovative ways such as the use of derivatives and trading on

their own account. While this trend has helped London become Europe's focus for international share trad-

ing, exchange participants are ask-

ing whether it can retain that sta-

Mr Lawrence's job is to ensure

that it consolidates it, and then

increases it. The task will be tough

for e man who, when appointed last December, was greeted with "Mich-

Mr Lawrence's suits and small

gold tie-pin announce that he is nei-

ther a public-school-educated patri-

cian, nor a street-wise working-class

individual - two prevailing City

types. He is a product of Wembley

County Grammar School who stud-

ied physics at three universities before receiving a PhD in 1965 in mathematical physics from Bristol University. He trained as an

eccountant at Price Weterhouse,

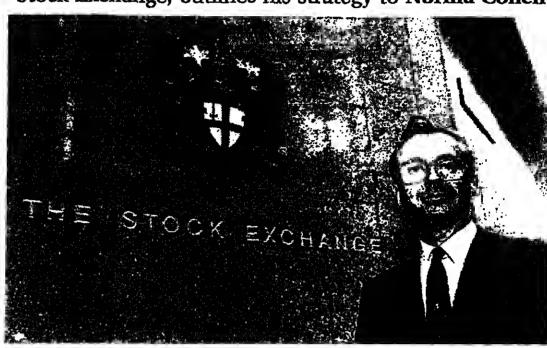
ael who?" by many in the City.

mercial operation or a regulator.

strength. Asked whether he isn't "one of

Outsider in the hot seat

Michael Lawrence, new chief executive of the London Stock Exchange, outlines his strategy to Norma Cohen



Taking stock: Michael Lawrence's big challenge will be to salvage the London Stock Exchange's dented reputation

cept of "us" in the City is changing rapidly, he says. "We're going to see a different sense of community because of the international position of London. International firms are increasingly important in the marketplace."

The exchange recognised that it eded a new broom after Mr Peter Rawlins resigned as chief executive when Taurus collapsed. After a long search, the exchange turned to Mr Lawrence, then finance director of the Prudential, the UK's largest insurance company and chairman of the influential 100 Group of

Finance Directors. Four months into the job, Mr Lawrence has let the City get a good look at him, while he has lis-tened to the City. "He said all the right things to us," said one private client stockbroker. "He said: 'tell

me what you want." But the jury is still out on the crucial question of whether Mr Lawrence can translate what he hears into a policy which will ensure the exchange retains its us", Mr Lawrence demurs. The con- position as the centre of European

equities trading. The task is complicated because exchange members can have conflicting interests - UK and US marketmakers are competing for the same customers, for instance - and the concerns of

members occasionally conflict with the exchange's role as a regulator. Mr Lawrence says he has already come to some conclusions about what the exchange must do to

repair its fortunes.

First, the exchange must behave like a commercial organisation. "We have e tremendous brand here in London," he says. "We have to make London as attractive as we can and then go out and market it." To this end, he has restructured the exchange, altering the main committees' chain of command so that they report to the executive and not to its 21-member board. He says this system resembles that of a typical corporation and is less like that of a trade association. The reform should give the executive more control over decision making

and reduce some of the wrangling

Will GE continue to indulge US investment bank Kidder Peabody, asks Richard Waters

among various factions.

mittee structure is ringing alarm bells among some of the exchange's powerful marketmakers. "That is a warning signal to me," said the chief executive at one firm. "It means that the exchange can ignore the recommendations of the practi-

tioners. One of Mr Lawrence's first initiatives ruffled the feathers of the mar-ketmakers. He asked the board to approve funds to build an ordermatching capacity into the exchange's new Sequence trading system (which will eventually replace Seaq, the automated price display mechanism). Marketmakers fear that their competitors will take advantage of them by undercutting their prices. Non-marketmakers support the effort partly because it will blum the attractions of Trade-Point, an emerging dealing system developed by several exchange defectors, particularly in the trading of small company shares. Among other changes, Mr Law-rence has ditched the post of direc-

tor of policy, taking on that func-

tion himself. Instead, the exchange will have a director of strategic planning, a board-level post which is expected to be filled shortly. Most critically, it will have a director of

marketing for the first time. The ambitions of the marketing department are initially modest. To start, it will have three or four people seconded from UK and foreign securities firms whose task will be to encourage greater participation by non-UK corporations on the exchange. Mr Lawrence concedes that Stock Exchange members might have felt it unseemly openly

to solicit business a few years ago. But competitive pressures from other European bourses and the emergence of dealing systems such as TradePoint are forcing marketmakers and stockbrokers to rethink their position.

r Lawrence dismisses the suggestion that Londoo's best woy forward is greater integration with other European exchanges. Why we should try to create a pan-European stock "It would be less friendly to smaller companies because it would inevitably cater for the shares of large multi-nationals.

"I don't believe the option is either a pan European exchange or open warfare," he says. He argues that international securities houses want simply to see three international trading centres - Tokyo, New York and Londoo - in different time zones. They do not want the expense of setting up offices in every European capital in which they wish to do business and, therefore, will welcome greater concen-

tration of business in London. One of the most important guarantees of the exchange's future success, Mr Lawrence says, is the abil-ity to offer an efficient "technology platform" to make securities trading cheap, swift and efficient, Although the exchange was rebuffed in its bid for a 30 per cent stake in Crest, the successor to Taurus developed by the Bank of England, Mr Lawrence believes it has a good chance of being appointed manager of the system.

But technology is only one element of Mr Lawrence's rejnvenation strategy. He will need to win the confidence and commitment not just of the stockbrokers and market makers who are members of the exchange hut of the corporations which raise capital there and the institutional investors which provide it. To retain its prominence. the exchange must demonstrate that it remains the cheapest and most efficient way to raise capital unless it can do this, all Mr Lawrence's best intentions will not resurrect its fortunes.

Phone alliances

The \$4.2bn alliance forged this week by France Telecom, Deutsche Telekom and Sprint, e US long distance telecoms operator, should not be allowed to proceed until the French and German governments open their telecoms

markets to full competition. In the context of the liberalisation of telecoms services, interna-tional alliances are to be welcomed. In time, some four or five international alliances will compete as "single source" providers to multinationals. These alliances are set to offer more competition and better service than now - of particular benefit to Europe. which suffers from a multiplicity of national jurisdictions and excessive prices for cross-border

Sprint operates in one of the world's most competitive telecoms markets. Whether France Telecom and Deutsche Telekom can add sufficient value to justify their large investments is a matter for them and their state shareholders. However, other US operators do have legitimate concerns about the use of monopoly revenues to aid Sprint, while Europe's consumers have a strong interest in Europe's monopolies being abol-

ished before its monopolists attack other markets. France Telecom and Deutsche Telekom claim that their alliance with Sprint will compete only in sectors - such as calling cards and data communications - already open to competition. They also stress that the Sprint deal will be domestic liberalisation is achieved

to meet the EU's 1998 deadline. That is an unconvincing response. It is notoriously difficult to separate out costs in telecoms companies, particularly in the early years after the abolition of their monopolies. Even with regulators dedicated to the task, as in the US and UK, claims of unfair

practice abound. Only last month, Deutsche Teleeral Cartel Administration to have been channelling large subsidies into its data division since the liberalisation of data telecoms in 1989. Until its principal markets are open, international competitors will have understandable doubts about the fairness of competition, while French and German consumers continue to be dis-

The 1998 EU deadline offers only marginal reassurance. It leaves the French and German voice monopolies intact for another three years. Furthermore, it does not extend to infrastructure liberalisation, vital to effective tele-

coms competition. The European Commission is expected to recommend that provision of infrastructure also be liberalised in 1998. It is not, however, feasible for the EU to bring forward the 1998 deadline, given the careful balancing of interests it represents. So if the French and German governments support their companies' desire to invest billions overseas, they should be forced to allow competition

Slipping market

For the European Commission and EU governments, lack of prog-ress to making the single market work is becoming a severe embarrassment. Yesterday the Commission published a list showing that France, Germany, Greece and Ireland have the worst records in placing single market legislation in national statute books. EU countries have transposed nearly 90 per cent of laws to free passage of goods and services. However, only 50 per cent of single market measures have become legally binding in all 12 countries.

Governments have been particularly slow to open up public procurement, accounting for 15 per cent of EU economic activity. Even where liberalisation measures have become law, there are problems in enforcing them. Many countries appear to be maintain-ing import barriers through overrestrictive procedures on technical standards, thus flouting agree-

ments on mutual recognition. This poor record - along with the recession - helps explain why, according to opinion polls, the single market has generated little enthusiasm among companies and consumers. In January 1993, Mr Rantero Vanni d'Archirafi, the commissioner responsible for the internal market, unhelpfully suggested lenient treatment for governments which failed to implement the rules. His subsequent statements heve been scarcely more convincing. At the end of last year, for example, he promised "decisive action" to improve implementation. This for business becomes reality.

week he pledged this would receive "urgent priority". So far, however, he has come up with nothing more muscular than a plan for national civil servants to report on other governments that do not stick to the rules.

Implementing single market rules does test the EU's doctrine of subsidiarity. If decision-making is to be carried out "closest to the people", enforcement should ideally be left to governments. Experience suggests, however, that a strong push from Brussels is essential for achieving compli-ance. The Commission should not shrink from recommending fines for proven infringement.

Equally, there should be a bare minimum of centrally agreed Euro-laws laying down harmonised norms to ensure products can pass through national frontiers. Where countries persistently mis-use national standards, extra legislation may be needed. In general, however, the Commission is right to emphasise the quality rather than the quantity of legislation needed to maintain the

momentum of the market. Setbacks in making the single market operational underline how far the EU must travel simply to consolidate measures agreed under the 1987 Single European Act. If the internal market is to be a lasting success, it will need a decisive champion in Brussels. At present, that person does not exist. A priority for the successor of Mr Jacques Delors will be to ensure that a barrier-free Europe

What parents are for

ometimes, baving a rich owner is a securities company's greatest asset. Shear-son Lehman and First Boston, two leading Wall Street firms, learned that lesson in 1990 when each was belped out by a powerful parent (respectively American Express and CS Holding, the Swiss banking group). Kidder Peabody, errant son of General Electric, the US conglomerate, is the latest to learn the benefits of an owner with

a deep pocket. Since it disclosed in April that \$350m of previously reported trading profits over the past three years were fictitious, Kidder has been the target of rumour and sniping on Wall Street. Questions have been asked about the value of its securities portfolio. Headhunters have circled the firm, trying to pick off its

best traders. In fact, Kidder's difficulties are not as dire as most of the firm's rivals make out - thanks largely to GE. The GE connection has brought some powerful benefits. Whereas other securities firms - including CS First Boston - raise money on their own behalf using their sin-gle-A credit ratings, Kidder is funded through its immediate par-

ent, GE Capital and, ultimately, GE. The top triple-A rating of these companies enables them to raise money cheaply, in turn giving Kidder an advantage over rivals. (With a portfolio of securities valued at \$73bn at the end of last year, shaving even a fraction of a percentage point from the firm's financing

costs has a big impact on profits.)

This week, GE has been forced to restate its support for Kidder - a company which, two years ago, it came close to selling. But in the process, it made little pretence about the difficulties the company faces. Mr Dennis Dammerman, GE chief financial officer, drew a direct comparison with other ailing businesses the manufacturing giant has nursed through difficult times before: its power generation business in the 1980s, and its network television business in the early 1990s. He implied that the current environment for the securities industry is equally difficult - an observation likely to come as a surprise to many Wall Street firms, which, though not doing as well es

in the record year of 1993, are still experiencing one of their best-ever

GE's professed commitment will enable Kidder to ride out the storm that began in April The question. though, is how long GE will remain the indulgent parent. Two problems are besetting Kidder: First, the phantom profits

scheme is proving e bigger drag

than it had hoped. Kidder blamed the scheme on Mr Joseph Jett, the former head of its government bond trading desk, depicting itself as the innocent victim of a frand. Mr Jett, though, has since hit back, suggesting senior Kidder executives were aware of his trading strategy and that he is being made a scapegoat. An investigation of Mr Jett's trading by Mr Gary Lynch, a former head of enforcement at the Securities and Exchange Commission, is taking longer than GE had hoped. The length of the investigation is fuelling rumours that Mr Lynch's review has been broadened to take

Adding to the seriousness of the affair, if the \$350m of trading profits were false, then Kidder's resurgence of the past two years has been false too. GE said this week that it had

injected \$200m of capital into Kidder to plug the hole left by the phantom profits.

Kidder's second longer-term problem is its reliance on one market mortgage-backed bonds - for a large proportion of its (real) profits. Such bonds are created when house-hold mortgages are packaged and sold to investors. Kidder's dominance of this \$1,600bn market (it

handled nearly a quarter of all new issues of bonds last year) proved profitable last year as the volume of new honds soared. In recent months, however, mortgage-backed bond issues have been running at only about \$10bn a month, compared with \$40bn a month at the

start of the year. Kidder has also been affected by being the biggest trader in the market at a time when prices have been volatile. The attractiveness to inves-

tors of mortgage-backed bonds dropped both when US interest rates fell last year (many mortgage bolders paid their old loans off early to take ont new loans et lower rates, hitting the value of the bonds) and rose this year (pre-payments stopped, lengthening the bonds' lives and, again, making them less attractive to investors). Just how badly Kidder has been

hurt is impossible to say. At the end of last year, Kidder was more highly geared than any other Wall Street house, with less than \$1bn of capital to support its \$73bn of secu-rities holdings. That suggests that it would only take a small fall in prices to consume a large part of Kidder's capital.

Mr Michael Carpenter, the firm's

chairman, again insisted this week that Kidder's bond holdings were hedged against falling prices. He added that the firm had sold a third of its mortgage-backed bond hold-ings, thought to have been worth about \$12bn, improving its liquidity.

Questions remain, though, about the other two-thirds - and about Kidder's (and GE's) enthusiasm for retaining such a large position in a market which has proved more vol-atile than Wall Street had expected.

OBSERVER

in the activities of executives other

than Mr Jett and other aspects of

Bargain boozers

■ Once upon a time American beer and French wine were modish choices in Tokyo - the most expensive city in the world. But now - thanks to the high cost of Japanese currency - consumers' yen for these one-time luxuries is more easily satisfied.

Already this year wine imports have doubled and foreign beer imports have increased five-fold. Most goes to supermarkets and discount outlets which report a roaring trade. It is easy to see why.

A quick reccy in central Tokyo found a 750ml bottle of Gordons gin for a mere Y2,000 (£12.82) and a range of US beers at between Y180 and Y210 per 850ml can, rather cheaper than the Japanese equivalent at Y220 per can.

But the best things in life are still very expensive in Tokyo. Mitsukoshi, the Tokyo Harrods, is asking a hefty Y4,300 for a standard bottle of Moet & Chandon Brut Imperial - two-thirds more than it costs in its home country - and Y285 for a small bottle of Guinness. So sushi-eating black velvet drinkers will still have to hunt pretty hard to find a bargain.

Not kilty The governor of the Bank of England might have captured the financial headlines at Wednesday's Mansion House dinner, but it was the governor of the Bank of Scotland who made the most

dashing entrance. Bruce Pattullo turned up in a kilt for the first time. The tartan? The very apposite Ancient Bruce
- though he is only 56.
Pattullo is not known as a kilt man and theories abound as to why he's now started sporting a sportan

south of the border One suggestion is that it helps to emphasise the perception that the Bank of Scotland is more Scottish than the Royal Bank of Scotland, whose chairman Lord Younger tends to abide by English

evening dress code.

Another is that now that Pattullo is no longer in the running to be governor of the Bank of England, he can wear what he likes. But the simplest explanation is the correct one - his wife bought him his kilt for Christmas.

Family business ■ Has Sears group chairman

Geoffrey Maitland Smith found e new hobby - furniture-making? Bargain hunters at his group's Selfridges store on Oxford Street have spotted a new line of tables and chairs carrying the Maitland Smith montker.

It is not Geoffrey who is the cabinet-maker, but brother Paul. He founded a Philippines-based company in the 1970s making copies



of classic British furniture - aimed mainly at the American market - and sold it five years ago to US conglomerate Masco. It opened a concession in Selfridges in February, and, says Sears, is trading well - and not just to

Wave farewell Ever wonder what happened to those high-speed river buses that once plied the River Thames in

London? They are re-surfacing in Bangkok, ferrying travellers between the airport and three big hotels along

the Chao Phraya river - the Oriental, the Shangri-La and the

Royal Orchid Sheraton. Siam Development and Holding has bought the whole fleet of eight catamarans from the administrators of Olympia & York, which ran into such difficulties with the Canary Wharf development in London. Four of the boats will go into service on the hotel-airport run

from July 1. The idea is to avoid Bangkok's notorious traffic jams. The journey between airport and down-town hotels should be reduced to an hour it can take two hours on a normal day and more than five hours if the streets are flooded with rain-water.

In their court

■ When is Sir Michael Richardson, Lady Thatcher's favourite corporate financier, going to retire as chairman of Smith New Court, the

City stockbrokers? He turned 69 in April and he could bow out with pride following yesterday's sparkling figures from the firm. Sir Michael, who gets into the office before 8 am and works e full five-day week and sometimes more, has told Observer that he has no intention of soldiering on till 1997, like his old chums Lords <u>Hanson and White. Then again,</u> he has no plans for quitting this

Even so, his eventual retirement raises the question of whether

Smith New Court will pick another Michael was the first - or return to its old ways of promoting someone from the shop floor. It will be an interesting test of the firm's maturity.

Brazilian bingo The normally friendly rivalry

between Brazil's two largest cities - São Paulo and Rio de Janeiro took an ugly turn at the weekend Sao Paulo snobbishly looks down on its poorer, but better-known cousin, Rio de Janeiro, and Saō Paulo's media especially revels in Rio's reputation for terrifying violence. But at the weekend 42 people

were murdered in separate incidents in Saō Paulo; 21 were killed in execution-style assassinations believed to be linked

to drug-dealing. By Wednesday morning, however, Rio had recovered its reputation as the country's most violent city - in a 24-hour period, 22 people were shot.

Umbrella offer

■ One London wine bar has the

measure of the capital's sudden burst of sunshine. A blackboard outside The Udder Place in Russia Row offers private

parties a deal on house wine and 'free canonies"

FINANCIAL TIMES

Friday June 17 1994

Networking? NetWare 4, of course.

Peugeot fails to curb independent traders

The right of independent traders to sell cut-price new cars to customers across EU borders in com-petition with franchised dealer natworks was upbald by the European Court of Justice yester-

The court rejected an appeal by the PSA Peugeot Citroen group of France against an earlier European Commission ruling, which stated that new car sales by independent traders across national borders to specified customers

were legal.

The ruling is likely to pave the way for an increase in the number and activities of such independent traders.

The court verdict follows a previous Commission order that Peugeot lift its ban on dealers in Belgium and Luxembourg selling to Ecosystem, a Rouen-based intermediary which resells in France cars bought at lower prices in Belgium and Luxem-

Under EU rules, it is legal for intermediaries to import cars on behalf of individual customers. In

petition commissioner, warned Peugeot that its Belgian and Luxembourg dealers would forfeit protection from normal competi-tion rules if the ban was not

The verdict coincided with a bittar attack by the European motor industry on changes proposed by the Commission's competition directorata to the so-callad "block exemption", which allows carmakers to contravene EU competition regulations by restricting new car sales exclusively to franchised dealer networks.

The carmakers have been thrown on to the defensive by the court verdict and the proposed rule changes, which would give more power to dealers and would provide more grounds on which the exemption could be withdrawn from a particular manu-

1995, and a battle is being waged in the Commission between the competition and industry directorates on the terms under which scrapped, claiming that it restricts competition and leads to unjustifiably high car prices.

The Peugeot-Ecosystem case has provided one of the key areas of dabate about whether the block exemption should be

renewed.

Mr Giorgio Garuzzo, the president of the European Automobile Manufacturers' Association and head of Fiat's automotive operations, warned last night in a speech to the UK motor industry that suggested changes to the exemption "would not lead to more competition but to less competition, not to lower prices

the draft reforms suggested by the competition directorate would subject the European car industry to "an unprecedented and arbitrary experiment" and could "undermine the whole foundation of automobile distribution in Europe", said Mr Gar-

He called on European govern-ments to note the "dire conse-quences of possible changes"

Shareholders greet freed Schneider chief

By John Ridding in Paris

"I am very, very happy to be here today," Mr Didier Pineau-Valencienne, head of France's Groupe Schneider, told a packed shareholders meeting yesterday in the Automobile Club in Paris's Place de la Concorde.

It is safe to assume he meant what he said. Two weeks ago, the head of the electrical engineering group found bimself in rather different circumstances - an inmate in Brussels' Forest prison, facing charges of fraud relating to two Belgian subsidiaries. Last week, released on hail of FFr2.5m

However, Mr Valentino Foti, an Italian businessman being investigated on the same charges as Mr Pineau-Valencienne, is still held after an appeal yesterday for his release was rejected by among shareholders in the sub-

Belgian judicial authorities. If Mr Pineau-Valencienne had been expecting a difficult reception because of the Belgian investigation, he would have been pleasantly surprised. A round of applause greeted his arrival on

stage, while shareholders

expressed support for their chair-The reception was less warm for one Belgian minority share-bolder, who was booed after his complaint about a lack of information concerning offshore companies in the group.

Mr Pineau-Valencienne denied the interests of minority shareholders in Cofibel and Cofimines. tha two financial subsidiaries at the centre of the investigation. He rejected charges that dividends paid by offshore companies had not been distributed equally sidiaries and denied that funds totalling BFr3bn (\$87m) had been diverted from the two companies to the benefit of their parent

The Schneider chairman told his audience that he was appointing an outside auditor with a view to clearing himself and the group of the charges.

Mr Pineau-Valencienne said be had travelled voluntarily to Brus-sels on May 26 to make a statement about the case.

He said the group would press ahead with its strategy of expanding its core electrical engi-

The stock market responded positively. Schneider shares, which have lost 16 per cent of their value since the company chairman's unfortunate Belgian journey, bucked the trend in the depressed Paris bourse and rose 2.3 per cent to close at FFr356.9.

co-operation with the IAEA After meeting Mr Kim Il-Sung, North Korea's 82-year-old leader, Mr Carter told CNN: "President Kim has committed himself to maintain the inspectors on site in the disputed nuclear reactor and

Urging that "nothing should be

Sweden approves bridge and tunnel to Denmark

By Hugh Carnegy in Stockholi

Sweden's centre-right government yesterday approved the construction of a \$3bn bridge and tunnel link across the Oresund between Sweden and Denmark, one of the biggest infra-structure projects in Europe. But the long-delayed decision

prompted the resignation of Mr Olof Johansson, the environment minister and leader of the Centre party, shaking the hitherto sta-ble foundations of prime minister Carl Bildt's four-party coali-tion, three months before a general election.

A row over the environmental impact of the 17km road and rail link between the southern Swedish city of Malmo and Copenhagen has held up the project for months and had threatened to split Mr Bildt's government. It also strained relations with Denmark, which has been anxious to

Mr Bildt was confident yester-day he had avoided the break-up of the government, as Mr Johansson agreed his three Cen-tre party colleagues would stay on in the coalition as ministers, in spite of their objections to the link. But their decision is likely to be questioned at a Centre party national conference this

Mr Jobansson's resignation was the first split in the cabinet since the government took power in late 1991. It is a blow for Mr Bildt as the coalition is trailing the opposition Social Democratic party in the polls.

The go-shead for the bridge, which will be Sweden's first fixed link to its main markets in Europe, was warmly welcomed in Copenhagen and by business leaders in both countries. Mr Poul Nyrup Rasmussen, the Danish prime minister, said: "I am pleased by this decision, which means Denmark can now go struction work which was suspended while the Swedes

arrived at a decision." The joint Swedish-Danish consortium set up to build the link said the tender process would begin within weeks. A total of 20 international consortia, involving some 50 companies from expressed interest in the project.

Full tender details will not be available until late antumn as environmental specifications are not yet ready. First contracts for the tunnel section are expected to be signed early next year. The link is unlikely to open before 2000.

Environmentalists are concerned that the bridge will impede vital salt water flows into the already heavily polluted Baltic Sea. Mr Bildt said yesterday tha environmental conditions set for constructors meant "this is the greenest bridge you can build".

THE LEX COLUMN

Crude expectations

Crude at \$20 a barrel by the end of the year is starting to look like a credible scenario. The sharp rise in oil prices this week has already taken the benchmark Brent price to \$17. In the US, the benchmark West Texas Intermediate price has risen even faster, touching \$20 and opening what looks like en unsustainable \$3 spread over

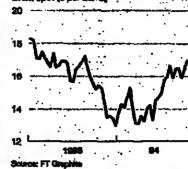
A firm line at this week's Opec meeting and worries over Korea have clearly played their part in the price rise. But the decisive factor is new evidence that oil demand in the US is accelerating. The cartel's decision to cancel its September meeting, so emphasising its determination not to increase production, has had such an impact because demand is robust. Given that only Saudi Arabia, Kuwait and possibly Venezuela have substantial excess capacity, the chances of quota cheating are slim. The market has concluded that supplies will be stretched next winter and has reacted

by attempting to build up stocks now. Whether this is as bad for inflation prospects as bond markets have concluded is less clear. The direct impact of higher oil prices will be fairly modest. While the Sandis are happy to see crude at \$20, there is no evidence that they wish to drive it much higher than that. Of greater concern is the possibility that strong oil demand may indicate that the US economy is running ahead faster than expected. But this is not the only interpretation. The more comforting view is that the US has forgotten about conservation and is back to its old gas-guzzling ways. If that is true, robust oil demand may reflect the particularly oil-intensive nature of this US recovery rather than warning of inflation shead.

The second rights issue from Wates City of London inside a year would be more appealing if the company had been able to sugar the pill with good news. Instead, one of Wates's large investment properties has fallen in value since the year-end, while another remains unlet and will soon have to be refinanced. For all the talk of development opportunities, the shares fell 6 per cent before settling just above the rights price.

The sight of a prominent City property falling in value as a result of a disappointing rent review should send sector. True, the lease in question is ing production quotas tradeable. unusual in allowing rents to fall.

FT-SE Index: 3030.1 (-15.7) Brent spot (\$ per berres



Wates also feels it was harshiy treated by the independent consultant which settled the claim. Nevertheless the rent review came in lower than expected when the property was last valued in December. The case underlines that a further rise in property values will be difficult to achieve while rental

growth remains elusive. Adjusting for the revaluation, the rights issue is priced close to Wates's net asset value. Since many companies in the sector are trading at a modest discount to net assets, that is hardly cheap. It would be some com-fort if Wates could be more forthcoming about how much of the rights money will eventually be channelled into refinancing its joint venture with Sumitomo. One can only assume that Mercury Asset Management, which agreed to sub-underwrite the whols issue if necessary and could have ended up with a 29 per cent stake, has a clearer view of the recovery prospects than the wider equity market.

Dairy sector

Mrs Gillian Shephard's announcement on the liberalisation of the milk market in England and Wales removes the uncertainty of timing from North-ern Foods and Unigate. How the new regime will affect their margins remains obscure. But the assumption that higher raw material prices will exacerbate the squeeze on their margins could prove wide of the mark. In the longer term European agriculture reform is likely to put downward pressure on milk prices anyway, whether

price of milk too far at the farm gate without incurring the wrath of the Office of Fair Trading. Liquid milk retailers will no longer be able to take precedence over processors at times of shortage, so supermarkets may be prepared to pay up for security of supply

from the large dairies. Since liquid milk accounts for about 80 per cent of Northern's dairy business and around two-thirds of that a Unigate, both companies could find life improves under the new regime. A bigger threat faces processors who may be squeezed between higher input costs and cheap imports of butter, cheese and powder. Such a prospect could complicate the flotation of Dairy Crest, the milk marketing board's processing arm. But Northern and Unigate cannot afford to be complacent. They still have to cope with the inexo-rable decline in high margin doorstep sales and the risk the supermarkets may eventually seek to drive home their advantage by buying direct from Milk Marque and packaging the prod-

Many a media group will run its slide rule over Ziff Communications in coming weeks. The family-owned US publisher, which was put up for sale last week, is an attractive property. Ziff is the world's largest publisher of computer magazines, a fast-growing segment of the print media. It also owns ZiffNet, an on-line information service about computers, which should appeal given the current multimedia vogue. Not surprisingly, speculation is rife over possible bidders. France's Matra-Hachette, K-III of the US and VNU of the Netherlands have said they are interested. Other names bandied around include Reed Elsevier, Bertelsmann, News Corporation, Time Warner and Times Mirror.

Though many may be interested, few could plausibly afford the touted \$2bn plus price tag. VNU is too small to buy the whole group and the Ziff family have made clear they would prefer not to sell it in several chunks. Similarly, the balance sheets of Hachette, K-III, News Corporation and Time Warner look rather stretched. Reed Elsevier, Bertelsmann and Times Mirror are more likely contenders. The Anglo-Dutch group, in particular, has indicated it is keen to make further acquisitions following last year's Guides. But though Ziff might fit the Milk Marque could not bid up the hill, it is not the only fish in the sea.

Russia backs China's stance

Continued from Page 1

our co-operation." He said Moscow and Washington had agreed to work out a joint stance

Ms Dee Dee Myers, Mr Clinton's press secretary, said in Washington that Ms Albright had consulted the Russian UN mission on Wednesday as well as those of China, Britain and

In addition, President Bill Clin-

Europe today

Steady westerly winds will bring cool and

Norway's coastal areas will have moist

of sunny spells and a light showers.

moist air arrives from the west.

Five-day forecast

bringing improving conditions to western

will see increasing sunshine and rising

Europe will see much brighter conditions. Southern Europe will remain fairly sunny

of Greece.

and warm,

ton had spoken by telephone to President Boris Yeltsin on Monday when they "discussed what was going to be in" the US draft resolution, Ms Myers added.

The "carefully calibrated" measures outlined by Ms Albright but which were not yet available in detail yesterday – would begin with a reduction of diplomatic and other links, along with an arms embargo. Financial sanctions would come later if Pyong-yang had still not restored full

to guarantee that surveillance aquipment would remain in

FT WEATHER GUIDE

done to exacerbate the situation now," he said North Korea had "compromise proposals".

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changeable conditions over northern Europe. conditions, while Inland areas will see a mixtu Sweden will stay mainly dry, but there will be some showers in Finland. The British Isles and the Benelux will be mostly cloudy as warm, France and Spain will be sunny and mostly dry, except for localised thunder storms. 1020 Italy will have plenty of sunshine. Further east, cloud and showers will increase especially over Romania, the Balkan states and northern parts High pressure will expand over the continent Europe. The low countries and the British Isles temperatures over the weekend. France and Spain will have some local thunder storms, especially on Sunday. Beginning Monday,

TODAY'S TEMPERATIRES

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German Airlines

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Comment





FINANCIAL TIMES

COMPANIES & MARKETS

EXTHE FINANCIAL TIMES LIMITED 1994

Friday June 17 1994



IN BRIEF

Radical change in **Basque country**

The Basque country's co-operative movement, centred on the town of Mondragon, is preparing to tap the international financial markets, marking a change to its 40-year-old history of worker-owner-

SKF upgrades forecast SKF, the world's leading maker of roller bearings, sharply upgraded its 1994 profit forecast yesterday, citing stronger-than-expected growth in volumes in its main European markets. Page 22

Crédit Lyonnais moves on the US Credit Lyonnais, the troubled state-owned French bank, became the latest foreign institution to announce plans for a large tovestment banking business in the US. Page 22

A different year for Morgan Stanley Morgan Stanley is not having a particularly great 1994, at least when compared with the industry's record-breaking results of last year. Page 23

Peter Woo stays confident For a man whose personal wealth has fallen in value by almost US\$1bn this year, Mr Peter Woo, chairman of Wheelock, the Hong-Kong based

conglomerate, is very confident. Page 24 Finex opens in Ireland Finex, the currency futures arm of the New York

Cotton Exchange, today opens Finex Europe at the new Dublin Exchange Facility in the International Financial Services Centre. Page 25 FKI announces German deal FKI, the UK electrical engineering and electronic

components group, announced a 38 per cent rise in profits and the acquisition of Rhombus, a German castor manufacturer. Page 26 AAH ahead by 13%

Acquisitions and a buoyant drugs market helped AAH, the UK pharmaceuticals distribution group, increase pre-tax profits by 13 per cent in the year to March 31. Page 26

Southern Water buoyant Southern Water, the UK utility, was in buoyant mood yesterday as it reported a 7 per cent increase in annual pre-tax profits, and gave an encouraging report on the capital intensive coastal clean-up programme, Page 27

Wates moves on City upturn Wates City of London Properties, the only UK property company to hold all its assets in the City of London, yesterday announced a £31m rights issue to allow it to take advantage of the upturn in the City property market. Page 27

Alvis, the UK defence contractor, reported increased profits for the six months to March 31. Page 28

Chloride Group, which is transforming itself from a UK batteries business into an electronics group, returned to the black for the year ended March 31, but profits were not high enough to restore the dividend. Page 28

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11 Ziff

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Heath (CE)	352	-	12	Noncoo Red	136	-	5
Daptake Fille	387	7	12	Partie	163	_	5
Royal Bit Scot	422	+	12		385	_	22
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Patie				RMC	613	-	35

Start-up venture will have several hundred employees, combine technologies and operate worldwide IBM tackles 'superhighway' business

By Louise Kehoe in San Francisco

International Business Machines has formed a division to create services for the "information superhighway". The services will include applications ranging from interactive television to personal communications messaging

Mr Lou Gerstner, IBM chair-man and chief executive, has identified "network-cantric"

important strategic growth mar-kets for IBM. The formation of the Networked Application Services division reflects IBM's determination to play a leading role in this emerging field.

Initially, the division will develop services that will become available on Prodigy, a personal computer dial-up information and communications service jointly owned by IBM and Sears. Roebnck, on Advantis, a data communications network also jointly owned with Sears, and on

The market for digital network

services for businesses, govern-ments, individuals and the home would grow as the power of digi-tal communication by wire, radio and satellite expanded, IBM said. Networked Application Services would develop software to provide intelligent communications capabilities on digital networks and IBM was making "substantial" investments in developing these technologies, the company said. The new division, which

with huge growth potential, will have "several hundred" employees and operate worldwide. The division will draw together sev-eral developments under way in different parts of IBM and part-nerships that IBM has formed.

For example, it is already providing equipment and software for interactiva television trials with Videotron and Cox Cable. The creation of software for personal communications services will be one of the initial focuses of the new division. These services will enable users. for example, to receive messages in different forms - voice, facsimile or electronic mail - no matter how they were originally sent and will prioritise messages according to the needs of the individual user.

Collaborative computing, in which personal computer users work together via a network, will be another important application. Electronic publishing and elecThe mission of the new IBM division is "to create services that will be the foundation for a highly interconnected world", the company said. As well as developing broad service offerings, IBM plans to tailor services for specific industries and types of

Networked Application Ser vices will have its headquarters in Thornwood, New York, with other locations in New York, Florida and California.

CS chief plays down fears over Austrian bank bid

By Eric Frey In Vienna

Mr Rainer Gut, chairman of CS Holding, yesterday said that Cre-ditaustalt would remain "a proud and independent Austrian bank with its own identity" if his Swiss financial group succeeded in winning control.

Mr Gut said he was well aware of political opposition to the efforts of CS Holding to take con-trol of Creditanstalt, Austria's banking flagship.

He felt his group had an even chance of winning control against competition from a rival Austrian-led consortium.

Mr Gut said he would prefer to buy all the government's 49 per cent stake in Creditansialt which offers 70 per cent of voting stock, but would also be content with a smaller stake in the short-term. He declined to disclose his offer price. Based on Creditanstalt's share price, the government stake is worth about

Mr Gut was in Vienna to meet Mr Ferdinand Lacina, Austria's finance minister, who wants to privatise Creditanstalt quickly, and to encourage public support for his offer. Mr Lacina has said that his decision will not be based on price but on national interest and the interests of Cre-

"The CS bid for a large stake currently owned by the Austrian government should not be seen as a 'Swiss solution' but an inter-

national solution," he added. Mr Gut's earlier announce ment that CS Holding is aiming for 100 per cent control of Creditanstalt has aroused controversy in Austria and led to the formation of the rival bid, It is made up of Creditanstalt, Generali, the Italian insurer, Commerzbank of Germany and several Austrian

Mr Lacina, a social democrat, favours tha CS Holding bid, but his coalition partners from the conservative People's Party fear they would lose political influ-ence over the traditionally con-

servative bank. The CS Holding offer has also stirred up fears of foreign domi-pation in the Austrian economy. Similar sentiments were voiced before the referendum on EU membership last Sunday. The outcome of a bidding race for Creditanstalt is quite open,

financial sources say. CS Holding sees Creditanstalt, with its strong position in Austria and central Europe, as a perfect supplement to its subsidiaries which include Crédit CSSB. "We do not step on each other's toes, we are a perfect match," Mr Gut said. Creditanstalt would gain from CS's capital, technological assets and

Andrew Adonis finds challenges to views of stocks as bond surrogates his has been a dismal week for utilities. British Gas's warning that it would not raise its dividend this

year because of a new price cap imposed by the industry regula-tor had a knock-on effect on electricity companies as they too await a pricing review. Such reverberations through

the sector reflect the traditional view of utility stocks as interchangeable bond surrogates. A vigorous debate is under way among analysts and brokers as to the relevance of hundling

together electricity, gas, telecom-

munications and water compa-

nies in one utility sector. The protagonists divide into two camps: the "divergers" and the "convergers". The "diver-gers" believa the ntilities are going their separate ways. Their regulatory climates vary widely and their financial returns are diverging. Cornorate activity and entry into unregulated sectors will reinforce these trends, as will the growth of competition in

all the industries except water. On this view, gas and telecommunications are prime candidates to lose their utility badges. British Gas and British Telecommunications remain dominant in their domestic markets. But they face stiff competition.

300 -

(Svd)

entrepreneurial options.

Both companies are exploiting overseas opportunities with reliab. BT, for instance, will this ar invest more : phone company, than in its UK network. With Mercury, cable companies and other new entrants taking market share in all telecoms sectors, BT chiefs speculate that the present regulatory price cap - due to expire in 1997 - will be the last.

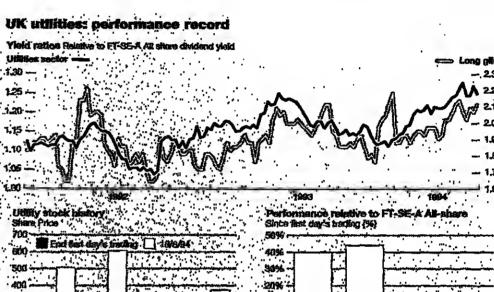
Mr Robert Morris, analyst at Goldman Sachs, sees manifold opportunities for BT if it expands its home market and becomes an international leader in new services. Yet fears that competition is a one-way street have dragged down BT's share price, exacerbated by a slow-down in nominal dividend growth. Real dividend growth is expected to be between and 4 per cent over the next

few years, less than for electricity or water. Mr Nigel Hawkins, of Hoare Govett, believes the decision to privatise gas and telecoms as single entitles, but to split water and electricity distribution, has created a regulatory divida between the two groups of utilities. "In practice where there is more than one operator the regulator tends to be more generous to the sector as a whole, as we are likely to see with water and electricity in the reviews of their price caps, making a significant difference to expectations." Hence, in part, the better perfor-

shares of late, although the latter has suffered in recent days. However, Mr Hawkins paints a sharp difference even between water and electricity. With regulatory reviews ongoing in both industries, their regimes are diverging. While the water compendes are set to have a price cap of effectively, RPI+1.7 per cent, the Recs are likely to have to make a one-off cut of between 12 and 15 per cent with a price cap thereafter of around RPI-25 per

mance of water and electricity

Diverging views on UK utilities' identities



Recs. Exitish Gas (avg) cent. Furthermore, the lifting In the convergers' view, then, in the long-term all four utilities might be expected to perform at a next year of the ban on the Recs being taken over will open up fixed discount to bonds, as in the

For water, he expects real dividend growth of around 4 per cent, while for electricity distribution it will be close to 6 per cent. In short, the water companies will become "akin to bonds", All-Share. "As competition and regulation while Recs will be less sensitive to bond movements.

Not all diversifiers go that far. Mr John Wilson at UBS points to underlying growth in electricity demand of less than 1.5 per cent: "It is inconceivable that a company can grow its earnings and dividends greater than its growth of business in the long term." He sees gas and electricity, where limited competition is emerging. as natural bedfellows, with water as a monopoly and telecoms as a fully competitive business.

The "convergers" do not claim that the utilities will perform similarly in the short or medium term. They see the post-privatisation history of all four industries as a continuum and minimise the significance of competition and Mr Bill Dale, utilities analyst at

SG Warburg, says: "British Gas and BT are, in effect, more mature utilities than electricity and water, leading to an inevitable slow-down in their financial returns which will affect the others in due course.

"The privatised companies find it far easier to grow profits in their early years, when the cost-cutting - particularly redundancles - is easy and initial regula-tion is lighter." As for competi-tion and diversification, "The track record of utilities diversifying is dreadful, and any institutional investor will initially take a negative view of it."

US. Fleming Securities stresses the "increasingly close" relationship between the gilt/equity ratio and the dividend yield of the utilities index relative to the FT-A

reduce the scope for unexpect-edly large rates of dividend growth, UK utilities will take on even more of the characteristic bond-like behaviour of their US counterparts."

Whether they will become bond substitutes remains problematic. While they serve as reasonably effective inflation hedges, their capacity to hedge against interest rates is more limited because in the UK price caps - and the permitted rates of returns underlying them - are fixed for several

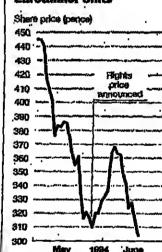
For all that, "divergers" and "convergers" agree that no self-respecting institution would want to do without the four utilities in their portfolio, given their size. It is all a question of bal-

Underwriters braced for **Eurotunnel** hangover

By Simon Davies in London

Enrotunnel's shares closed 14p lower at 303p yesterday, raising the likelihood that the underwriting syndicate may have to take up a significant portion of one of the UK's largest ever rights issues. The price of the UK-listed Eurotunnel units has fallen 18 per cent since June 6. Underwriters were confident yesterday that small shareholders would take np their rights in the £858m (\$1.3bn) share offer, despite the absence of free travel incentives, but they can ill afford a further fall in the share price. The underwriters have a cushion with the rights shares priced at 265p. The burden will also be eased by fees: Eurotunnel is paying £42m, including legal and accountancy costs. The offer Background, Page 27

Eurotunnel Units



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Packagers merge beauty units

By Alice Rawsthom in Paris

CarnaudMetalbox, the Franco-British group, is merging its health and heauty packaging interests with those of Wheaton. the privately owned US concern. to create the largest force in that segment of the international packaging industry.

Mr Jurgen Hintz, chairman of CarnaudMetalbox, said Wheaton International, the newly merged company, would be world leader in the profitable health and beauty packaging business with a 5 per cent market share on annualised sales of FFr5.1hn (\$895m). "We'll be the only company in that market with the capacity to all over the world," he added.

The merger reflects the consoli-

dation among the cosmetic, per-

anies that are the customers of CarnaudMetalbox and Wheaton's health and beauty packaging interests. These areas of the packaging market have shown strong growth in recent years thanks partly to the trend towards more elaborate packaging, particularly in the beauty

CarnaudMetalbox and Wheaton, which respectively command annualised sales of FFr2.50n and FFr2.6bn in the businesses that will be pooled to create Wheaton International, share some multinational clients such as France's L'Oréal, Procter & Gamble, of the US, and the Anglo-Dutch Uni-

However, Mr Arnaud Fayet, director of CarnaudMetalbox. stressed the two companies were

"very complementary in terms of regional spread and product specialisations". CarnaudMetalbox, he said, was strongest in Europe and in cosmetics packaging with Wheaton's strength lying in North America and the pharma-

expansion in sonth-east Asia where CarnaudMetalbox has five production plants and Wheaton has a factory in China. The ownership of Wheaton International will be evenly split between CarnaudMetalbox and

The merger will speed up

its US partner. The deal is expected to take effect from this autumn, subject to the approval of US regulatory authorities. Mr Hintz said that the effect on CarnaudMetalbox's earnings per share would be neutral for this year and next year.

INTERNATIONAL COMPANIES AND FINANCE

UK media group buys four French units for FFr914m

By David Wighton in London and Alice Rawsthorn in Paris

Emap, the UK media and exhibitions group, has agreed to spend a total of FFr914m (\$160m) on four acquisitions which will make it the third largest consumer magazine publisher in France.

The main deal is the purchase for FFr710m of Editions Mondiales, a Paris-based publisher with 8 per cent of the market. Emap is also buying France's biggest selling motor-ing magazine, L'Auto Journal, from Mr Robert Hersant, the press baron who owns Le Fig-

Mr David Arculus, Emap managing director, said it had been planning a big expansion in France for some time having first entered the market in 1990 via a joint venture with Bayard Presse. "At one leap this gives us 10 per cent of the French consumer magazine market with a further 1 per cent in the joint venture."

He said most of the French titles were similar to those it

Saint-Gobain

expects rise

in net profits

By Alice Rawsthom in Paris

Saint-Gobain, the French glass

and building materials group,

expects to achieve a large

increase in net profits during

the first half of this year,

according to Mr Jean Louis

Mr Beffa, speaking at the group's annual general meet-ing in Paris, said the pick-up in

activity which started during

the final quarter of 1993 had

continued so far in 1994. Saint-

Gobain last year suffered a

sharp fall in interim profits to FFr452m (\$79.3m) from

FFr1.4bn during the same

period of the previous year due

to the pressures of the Euro-

The group has benefited,

according to Mr Beffa, from

"improved economic condi-

tions and the effects of cost-

cutting" and is on course for a

significant improvement" in

pean economic recession.

interim profits for 1994.

owns in the UK and added that they were being acquired at just the right point in the economic cycle. "The prospects for the French economy are now looking as healthy, if not healthier, than the UK with some eigns of advertising

starting to pick up."
French publishing was hit by a severe recession with advertising and circulation falling off sharply and new launches intensifying competition, particularly in the newspaper

A number of magazines, including Condé Nast's French Vogue and Le Point, the political weekly, have cut their cover prices in an attempt to bolster flagging sales. The pressures have posed serious financial problems for a number of companies, notably Mr rsant's huge media group. Its sale of Auto Journal, part

of a continuing disposal programme, heightened speculation about the fate of the group's remaining titles such as France-Soir, the loss-making

Emap has long had its eyes on Editions Mondiales, e Parisbased publisher whose 28 titles include Telé Poche, one of the leading TV listings magazines. which sells 1.4m copies a week Mr Arculus said that combining the acquisitions with

would result in lower overheads and purchasing benefits. The acquisitions made total operating profits of film (\$1.5m) on turnover of £138m last year, but Emap said the deals would enhance group earnings in the first full year if, as it intends, they are

Emap's French operation

funded by debt. Mr Arculus said the slim returns partly reflected the fact that they had been private-ly-owned and run "with tax rather than profits in mind". Emap's UK consumer magazines made £24m on turnover of £169m last year. Mr Arculus said this indicated the scope for improvement in the French huginesses. He said this was reflected in the price, which was less than annual turnover.

Peru sells 49% stake in cement producer

Details, Page 18

By Sally Bowen in Lima

The Peruvian government has sold its minority holding in Cementos Lima, the cement producer. The auction, held in Lima, was Peru's first over-thecounter primary offering for a privatisation.

Proceeds from the sale of the 49 per cent holding - comprising some 309,000 voting shares topped \$103m. The 39 per

cent auctioned fetched \$82m while existing chareholders paid \$21m for another 10 per cent, the equivalent of the final

Lead managers for the sale were Bankers Trust of New Thirteen stockbrokers pres-

ented bids which finally secured 41 per cent of the allo-cation at the clearing price of

Hermes forms alliance

By Hillary Barnes

Hermes, the German credit insurance group, and Dansk Kaution, the Danish credit risk insurance company, have agreed e strategic alliance.

The German company would pay about DKr105m (\$16.1m) for e 20 per cent stake in the Danish company, while Dansk

Kaution would acquire e 30 per cent holding in Hermes's Swedish credit insurance company for DKr12m. Dansk Kantion said yesterday.

Dansk Kantion's articles of association, which prevent any one shareholder from owning more than 12 per cent of the company, must be changed before the alliance can come into force.

Smith New Court posts sharp gain in earnings

By Norma Cohen, Investments Correspondent

Smith New Court, the UR-based equities marketmaker and broker, reported a surge in pre-tax profits for the year ended April 1994 to 295.2m (\$158.6m), from £38.7m the year before, reflecting

gains across most of the firm. The firm's shares closed 4p higher at 373p, bucking the market trend in London yes-terday. The dividend was increased to 10p per share

Return on capital was 47.8 per cent in the year, more than double the 20 per cent rate of return tha London hange calculated the average UK securities firm earned in 1993.

"We are building products our clients want," said Mr Michael Marks, chief execu-tive, in explaining the firm's success in its niche markets. Despite volatile trading conditions in the last quarter, profits in the second half nearly doubled from the £31:1m recorded in the first half.

The firm does not provide specific details of the profitability of its geographical regions. However, international income accounted for 57 per cent of the total against 43 per cent from UK activities. In 1986 domestic activities accounted for 80 per cent of

Mr Marks said that profits from the firm's US-based Carl Marks and Co subsidiary, had benefited from the installation of a new system which allows regional stockbrokers to obtain critical share research electronically. "They pay us for it by their order flow," be said. Also, the US division benefited from the general trend among domestic pension fund. investors to increase their exposure to non-US securities.

Also, Smith New Court said it has dramatically reduced its dependence on market-making as a source of profitability. In the latest year, marketmaking accounted for 48 per cent of profits with the remainder coming from commissions and fees.

Basque co-op changes its culture

Mondragón is preparing to tap financial markets, writes Tom Burns

Total sales

The Basque country's cooperative movement, centred on the town of Mondragón, is preparing to tap the international financial markets, marking a change to its 40-year-old history of worker-ownership. We are talking about a new

culture for us," said Mr Miguel Angel Laspiur, chief financial officer of Mondragon Corporación Cooperativa (MCC), the corporate umbrella of 102 individual co-operatives which has assets of Piaselhn (\$7.2bn) and posted combined sales of ta424bn last year.

Mr Laspiur plans to create a financial holding company later this year, funded principally by foreign institutions, that will invest in some existing MCC co-operative units. such as Fagor Ederlan, the car component producer, and provide additional capital for new

These will be set up as limited companies, as opposed to co-operatives owned by their employees, and will be controlled by MCC.

"We are not talking hig figures [for the holding company] right now and will only be seeking Ptai0bn-Ptai5bn but this is just the begining and the numbers could multiply fast," said Mr Laspiur.

The development, which bears comparisons with the 1989 conversion and flotation of the UK's Abbey National building society and with the venture capital attracted by Australia'a Westralian Farmers Co-operative, has attracted considerable

Mr Javier Salaverri, managing director in Spain of Schroders, the UK merchant bank, says the offer was "a very exciting prospect and very sen-sible move by MCC which will enable ft to compete for capi-

Mr Santiago Eguidazu, head of corporate finance at the Madrid securities firm AB Asesores agrees: The Mondragon group is a great generator of industrial initiatives and it has long proved itself to be a highquality industrial manager," he says. Mr Laspiur concedes that it

may be difficult to bring in the "There is no precedent for an industrial corporation of our

A.9 1992 cets (industrial group)

size, which is owned by co-operatives and run from the bottom up, going to the markets and there could be problems in explaining what Mondragón is all about."

The most visible aspect of Mondragon is the output of machine tools, car components and electrical white household goods of its industrial division which had combined export sales of Pta61.8bn last year, 35

trial division's earnings and offset dampened results posted by the co-operatives dedicated manufacturing capital goods, machine tools and electropic products.

Increased profits in the financial division meanwhile helped to finance investments totalling Pta33bn last year in MCC'a spreading network of hypermarkets.
There could be a problem

The chief executives of MCC, such as Mr Laspiur, who are elected by their fellow employees, are confident they will win round their colleagues. and the fund managers

per cent of total sales and 19 per cent up on the 1992 export

In spite of the recession. MCC posted good results last year with pre-tax profits of Pta28.9bn, e 28 per cent increase on 1992, and it expects to lift this year's gross income by a further 15 per cent to 33.5bn on sales of about Pta500hn

MCC has benefited from diversification into three broad divisions; industrial production, distribution and finance and financial services.

The strong export business generated by the corporation's car component manufacturing units helped to raise the indusexplaining the capital markets to MCC's 25,000 employees who, as owners of the co-operatives, control the corporate decision making through elected councils and are intensely proud of their indus-

The less visible part of Mon-dragon is the close-knit manner in which the co-operatives have organised themselves into a cradle-to-grave welfare society hidden away among the narrow, lushly green and wooded valleys of the Basque Country.

It was founded by a far-seeing local priest, Fr José Maria Arrizmendiarrieta, in 1956. The Mondragon co-operative moveknown, has grown into a worker-ownership empire that embraces a large technical school, a highly-regarded applied research centre and a financial division built around its own savings benk and its healthcare, life insurance and

pensions group.
In a research paper for Bristol University, sociologist Dr.
Martin Fairclough noted that Mondragon has been "like a shrine and a wholly writ" for co-operative undertakings elsewhere in the world.

The chief executives of MCC. such as Mr Laspiur, who are elected by their fellow employ-ess, are confident they will win round their colleagues and the fund managers.

Outside capital will soon be urgently required because the growth of the corporation, perticularly in the distribution sector where it has ambitious shopping centre projects, can no longer be self-financed in a satisfactory way.

A degree of degeneration from the worker-owner and industrial democracy ideal has taken place. MCC has since 1991 been buying local engineering companies and turning them round into profitability although not into co-opera-

In an even more drastic departure from its traditional approach to business, MCC is planning to open a white electrical goods plant outside Casabianca in e joint venturs with a Moroccan investment

Just like the Swedish multinational Electrolux came south and set up shop on Spain, we're going south into Morocco," said Mr Laspiur, One difference is that MCC's Mr Laspiur, as a member of a co-operative organisation, earns ot best 55 per cent of the salary that the chief finance officer of a rival multinational might command.

Mr Laspiur and his fellow senior executives want to keep it that way and they believe that tapping the markets will not change the essential ethos of the Mondragon group.

However, some international fund managers might be surprised to hear Mr Laspiur admitting that he and his fellow top worker-owners are "s bit like monks".

This announcement appears as a matter of record only

June 1994

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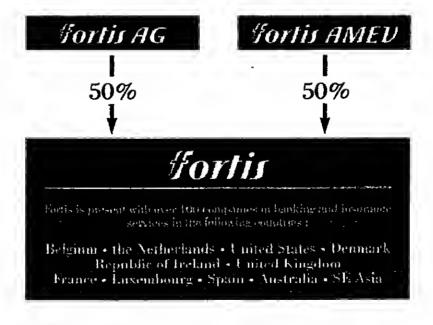
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SKF upgrades profits forecast for full year

SKF, the world's leading maker of roller bearings, sharply upgraded its 1994 profit forecast yesterday, citing in volumes in its main European markets.

The group expects profits of SKr1.5bn (\$190m) this year, compared with an April forecast of SKrlbn. This would be its best result since 1990, and follows e SKrl.8bn loss in 1992 and a SKr669m deficit last

under way in all its European markets, particularly in the automotive industry, its most

probable that the favourable market trend will continue during the remainder of the

Europe accounts for 60 per cent of group sales. "There is a Scandinavia, the UK and Italy. But we can also see that the German market is levelling out and starting to improve," the group said. It said there was particularly strong growth in demand from truckmakers.

The company is also benefit-ing from e solid upturn in the US market, where profits have increased every quarter for the past two years. The US is the "We are taking market share," the group said, although it declined to be specific. Its share of the world market, excluding China and former Comecon countries, is around 20 per cent, twice its

SKF made a SKr306m profit in the first quarter of 1994, after losses of SKr355m in the same 1993 period. Sales climbed 12 per cent to SKr8.05bn. The recovery has been helped by extensive costcutting - which has led to the loss of 15,000 jobs over four years - and currency factors. The company's B shares yes terday rose SKr1 to SKr139, against a downward market

Dialog has 2,000 employees and an annual turnover of SKr1.8bn. This will lift Celsius's information technology sales to SKr6bn, and bring total group sales up to

information

technology

group privatised last year,

said yesterday it was buying the information technology yesterday it was buying

concern, Dialog, for up to

the group's range of consult-ing and technical services and

enable it to offer software

development and computer

operations expertise to

military and

SKr480m (\$60.8m). The purchase will bros

business

Mr Ake Plyhm, Celsius president, said Dialog's customer profile, based around municipal authorities and large companies, fitted well with Celsius's other IT

Two previous acquisitions, Telub and CelsiusTech, have given the group a strong position in the military information technology sector. However, it has also expanded into the civilian secfor with Telub's purchase of the Swedish telecom company, Dotcom, and Celsius's acquisition of the voting majority in Enator, a firm of IT consul-

Celsius will initially pay SKr385m for Dialog, and up to SKr95m more under an earnings-related formula. It is buying the company

from the Swedish Association

of Local Authorities.

By Richard Waters in New York Crédit Lyonnais, the troubled state-owned French bank, yesterday became the latest foreign institution to announce

plans for a large investment business in banking Meanwhile, CS First Boston, the investment banking subsidiary of CS Holdings, signalled a step in the opposite Crédit Lyonnais has grown

Crédit Lyonnais' reputation in the US has been damaged by its involvement with MGM. the film studio it has owned since it foreclosed on a loan

to Giancarlo Parretti. Mr Robert Cohen, the bank's chief executive in the US, said that business had been handled through the bank's Dutch operations, rather than its US

He indicated that the US operations have been one of the most profitable parts of the group, making after-tax profits of \$170m last year, equivalent to a return on capital of 24 per

direction, with a move into to be one of the biggest foreign-owned commercial banking arranging loans for US compaoperations in the US in recent years, with \$10.5bm in commer-cial and industrial loans and a staff of 700, up from 400 five

the bank intended to expand its 100-strong investment banking business at the same rate of about 60 people a year, mainly on the fixed-income

> The bank plans to sell European and US government bonds in the US, and to underwrite debt issues for both European and US compenies, he added. Crédit Lyonnais' fast loan

> growth echoes that of other foreign banks in the US. According to a study released last week by the Office of the Comptroller of the Currency, foreign banks accounted for around 47 per cent of all commercial and

Celsius buys | Crédit Lyonnais plans new US unit quarter of 1992, double the level of 10 years

CS First Boston said it had hired Mr Robert O'Brien, a former managing director of Chemical Bank - one of the leaders in the syndicated loans market - to arrange loans for existing

The move, unusual among investment banks, is the reverse of sieps taken by US commercial hanks to extend into the bond

markets. Loans originated by CS First Boston will be booked by Credit Suisse, the banking arm of CS Holdings.

Solid gain at Enso-Gutzeit

Enso-Gutzeit, the Finnish pulp and paper group, saw profits after financial items reach FM365m (\$66.4m) in the first four months, a sharp rise from last time's FM86m.

The group benefited from higher pulp and sawn-goods prices, as well as foreign exchange gains and lower

financial costs. The upturn would have been stronger, but for a 7 per cent appreciation in the value of the markka and higher deprecia-

Markka prices for fine paper, newsprint and coated magazine paper were also lower than a year ago.

The group remains optimistic about prospects because of strengthening prices for

most pulp and paper products and rising capacity utilis-

Mr Jukka Hārmālā, chief executive, said 1994 figures should show e "clear improvement" on last year's FM385m profit, "provided there are no unexpected turns in external

The figures are further evidence of a broad recovery in the Nordic pulp and paper sec-

Sales rose 19 per cent, to FM5.5bn from FM4.6bn, mainly because of last year's purchase of forestry and board operations from Tampella. However, operating profits rose only 5.6 per cent, to FM701m from FM664m, due to the stronger markka, falling prices, and higher depreciation. Lower interest rates and the

healthier markka reduced

There was also a foreign currency gain of FM38m, after a FM70m loss last year.

Meanwhile, Enso said it had tightened its grip ou Berg-huizer Papierfabriek, its struggling Dutch paper subsidiary, following a public offering for the outstanding shares in the company. Enso's stake has risen to 77.1 per cent from 57.8 per cent. The offer will be

extended. Berghuizer specialises in high-quality copying and writing papers, in a highlycompetitive market

Last year, it suffered a Fl 14.8m loss on sales of F1 194.8m. Its performance is not expected to improve this

VNU shows interest Lotus in electronic in elements of Ziff

VNU, the Dutch publisher, yesterday expressed interest in buying parts of Ziff Communications, the US-based publishing group put up for sale last

week. However, it ruled out an outright bid. The Dutch publisher empha sised it was not actively looking at Ziff. We have had no contact with them whatso ever, and they haven't had any with us," a spokesman said. Ziff, which is expected to be

sold for between \$2bn and 3bn, was too big an acquisition for VNU to contemplate, he said. Reed-Elsevier, the Anglo-Dutch publishing group with the resources to make take-

overs on this scale, refused to

make any comment on

whether it was considering a

Ziff, the world's largest pub-lisher of computer magazines, was put up for sale by the Ziff There has been speculation on possible bidders among the

world's publishing groups, but no company has yet publicly expressed an interest in buying the privately-held group. Like Ziff, VNU is active in

computer magazines, particu-larly in the UK and continental Europe. It is also active in consumer and trade magazines, regional newspapers and com-mercial television.

VNU carried out a share issue earlier this year to finance the acquisition of BPI Communications of the US, whose titles include the daily newspaper Hollywood Reporter

mail acquisition

Lotus Development Corporation, the Massachusetis software company, is buying Softswitch, a privately-held company, for about 1.3m Lotus shares. This values Lotus at just over \$70m. Softswitch supplies elec-

tronic mail message switches that create links between electronic mail systems from different manufacturers. Mr Michael Zisman, Softswitch president, will become vice-president of a new Lotus business group, Inter-Enterorise Computing.

The group will bring together Softswitch and a ventore involving AT&T called Network Notes, headed by Mr Larry Moore, vice-president of Lotus Telecommunications

software houses, rose to promi-nence through the success of its integrated spreadsheet,

More recently, it has achieved significant sales for Lotus Notes, a groupware prod-uct which integrates messaging, forms-generation and document flow in large networked

Among the organisations using Notes is Andersen Consulting, a leading information technology consultancy. Lotus' marketing alliance with AT&T is designed to broaden Notes

Mr James Cosgrove, head of AT&T's data communications services division, said recently inter-company networking and data-sharing were two of the principal trends driving progress in computer networking.

Korea Liberalisation Fund Limited

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INTERNATIONAL COMPANIES AND FINANCE

Morgan Stanley banks on new blood infusion

The firm is pursuing an ambitious hiring plan despite the downturn, writes Patrick Harverson

organ Stanley, like other big securities firms on Wall Street, is not having a particularly great 1994, at least when compared with the industry's record-breaking results of last

Markey Co.

In the February-to-April reporting period, its profits fell 41 per cent to \$199m as global financial markets were made suddenly unfavourable by an unexpected surge in US interest rates early in the year. Unlike every other firm on Wall Street, however, Morgan Stanley is pursuing an ambitious hiring strategy, in spite of the disturbing downturn in

Last year, its payroll jumped by 11 per cent to 8,278, and it is expected to reach 9,300 by the end of this year. A good deal of the hiring has been concentrated in overseas operations, and in investment banking, where staffing is due to climb from 800 to 930 before the end

The hiring strategy at Morgan Stanley, one of the most aggressive seen on Wall Street in a long time, is remarkable because it runs counter to tra-ditional Wall Street thinking, that payrolla should be trimmed, or at least frozen, when market conditions are unfavourable and profits are

"We are going to use this difficult period to invest in the business, and not figure out a way to cut back," savs Mr Dick Fisher, Morgan

AT&T, the US tele-

communications group, has

formed an alliance with a

group of leading US software

and computer equipment companies to deliver a new video

conferencing network product

Solutions product would allow

business users worldwide to

see and work with each other

on their desktop computers

while sharing files and data.

The group said the companies - IBM, Apple Computer,

Lotus Development, Novell,

AT&T said its WorldWork

to business customers

In New York

Stanley chairman.

The decision to stick with the hiring plan is predicated on two important assumptions: that the current downturn in market conditions is only temporary and the best prospects for Wall Street firms lie overseas, particularly in investment banking.
Although the latter assump-

tion is widely held within the industry, Morgan Stanley is taking something of a gamble in predicting a recovery in securities markets. Mr Fisher, admitting that many on Wall Street view the situation differently, says: "Wa think that the current period of correction is an interruption of a very posi-tive trend, not the end of the

While this optimistic view is clearly an important factor behind the hiring spree, there is another side to the story.

The firm has been bringing in new people to its investment banking division partly because it needed to fill the holes which opened up when a string of top bankers followed the former president Mr Robert Greenhill out of the door last year. He defected to rival securities housa Smith Barney Shearson.

AT&T in video conferencing link

Xerox, Sun Microsystems, PictureTel and VideoServer - had

agreed to allow WorldWorx

users to make conferencing

Video conferencing is one of

the fastest-growing areas of the

business-to-business telecom-

munications market, and inter-

national companies are com-

peting to provide users with

products that incorporate the

latest in communications and

The product is a develop-

ment of a service launched last

year that allowed video and

data calls from one desktop

unit to another, but not among

people with equipment from

computer technology.

calls on their equipment.

The departure of Mr Green hill - who left Morgan Stanley after 31 years when he was overtaken by the current presi-dent Mr John Mack in the race to succeed Mr Fisher as chairman when he retires - was a hig blow to the firm. Having made his name dur-



ment banking unit has begun ing the 1960s as one of the top to gain ground on its rivals.

The defections came at a particularly bad time for Morgan Stanley, because they fuelled the perception that the firm'a His ties with the entertaininvestment banking powers. which have been waning for

which played a pivotal (and highly lucrative) advisory role in Viacom's \$10bn merger with Paramount Communications earlier this year.

June was exacerbated by the defection soon after of more than a dozen other Morgan Stanley bankers, many of whom joined Mr Greenhill at Smith Barney, whose invest-

different computer, software

works for those using the video

conference network, Mr Mandi

said: "During a conversation, I

can call up a file on my desk-

top computer, show it to sev-

eral colleagues, allow them to

edit it if I want to, and then

just click on a single button to

and camera vendors.

to the firm, he is unhappy with the steady decline in Morgan Stanley's share of the domestic Underwriting market since the mid-1980s. We're not where we want to

division was not a serious blow

be and are taking steps to address that," he says, steps that have involved reorganising the investment banking department's top management. and hiring fresh talent in the US and overseas.

The firm's most notable newcomer is the former First Boston and Wasserstein Perella M&A wizard, Mr Joseph Perella, who arrived et Morgan Stanley last summer with a fistful of blue-chip corporate

Mr Fisher says the infusion of new investment banking blood has begun to pay off at home and abroad. "Five of the six largest equity deals this year have been lead managed by Morgan Stanley, and we've seen a significant upturn in European business."

With people like Mr Perella on board, Mr Fisher is especially bullish about the firm's M&A business. The current M&A assignment load is, he says, the heaviest in three anda-half years, and he sees great opportunities in particular sec-tors, notably healthcare.

There is absolutely no doubt in our minds that we are in the very early stages of a major restructuring of healthcare, where you will see very large transactions." Morgan Stanley's chairman, firm does not repeat the mis-take of the 1980s, when, in its enthusiasm for deal-making, it neglected the underwriting side of the business.

here is no question that we went through a period from 1986 to 1989 where we were paying too much attention to strategic work - M&A and thet kind of thing - and not enough attention to [customers'] capital needs. We identified that problem in 1989, and have been correcting it."

Part of the correction has involved a rapid build-up in derivatives capabilities, and further expansion into foreign capital markets.

With new offices in Shanghai and Bombay, Mr Fisher says the firm is always on the look-out for opportunities in emerging markets. "Wa are finding. regularly, locations where we can put in place somathing more than a listening post."

The overseas expansion is paying off: last year just under 50 per cent of the firm's \$9.2bn **JPMorgan** in revenues were generated

If the current rate of growth is continued, with more traders and bankers hired for non-US operations, it will not be long before more than half of Morgan Stanley's revenues come from overseas. In an increasingly global financial world, it appears nothing would please Mr Fisher more.



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Floating Rate Notes due 1997

in accordance with the provisions of the Notes, notice is hereby given that for the interest Period from June 17, 1994 to December 19, 1994 the Notes will carry an interest Rate of 5.425% per annum. The interest payable on the relevant interest payment date, December 19, 1994 will be U.S. \$27.88 per U.S. \$1,000 Note and U.S. \$6,969.62 per U.S. \$250,000 Note.

By: The Chase Manhattan Bank, N.A.



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\$250,000,000 Mortgage backed floating rate notes due 2028 For the interest period 15 June 1994 to 15 September 1994 the notes will bear interest at 5.305% per annum. Interest payable on 15 September 1994 will amount to \$1,337.15 per

\$100,000 note. Agent: Morgan Guaranty Trust Company

Class At Notes Mortgage Backed Floating Rate Notes due 2025 Notice is bereto given that there well be a principal repayment of £11,654 per £81,512 Note parmant to Claims (50) of 29th June 1994 the principal amount nutranding on 30th June 1994 will therefore be £67,843 per Nore



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mergers and acquisition bank-ers on Wall Street, Mr Greenhill enjoyed close working relationships with some of the biggest corporations in the US. ment group Viacom, for exam-ple, ensured it was Smith Barney, not Morgan Stanley.

he impact on the firm of Mr Greenhill's loss last

from the investment banking Fresh evidence

on US drug

several years, were in perma-

The firm dominated the rest

of Wall Street in the late 1970s

and early 1980s - consistently ranking first in the industry

with a near-20 per cent share of

the US stock and bond under-

writing market - but it now

sits well back in the pack,

ranking seventh among under-writers last year with a market

While Mr Fisher insists the

loss of Mr Greenhill and others

share of only 6.4 per cent.

Mr Alex Mandl, chief execu-Clinical trials results for tive of AT&T communications Aniril, a US septic shock drug, say it is effective in many services, said customers liked the original video conferencing product, but wanted to be able cases, contradicting evidence to call more than one person published last year which led to a collapse in the share price without worrying about comof its Colorado manufacturer patible hardware. Explaining how the WorldWorx Solutions

The research, published in the Journal of the American Medical Association, says Antril helps very ill patients live longer.

The company's market capi-talisation fell from \$1.5bn to less than \$400m on the news

Citibank applies for full Mexican licence

By Richard Waters in New York

Citibank, part of the US banking group, is the first foreign bank to apply for a licence to operate as a full-service financial institution in Mexico. Under the North American Free Trade Agreement, ratified last year, US banks are permitted to carry out a wide range of activities in Mexico under the auspices of a locally-incorpo-

rated holding company. Citibank said it had applied to create a holding company in

Mexico with minimum capital of 1bn pesos (\$296m), making it the first foreign bank to take this step. It plans to develop securities broking and leasing businesses, as well as a bank-

ing operation. Bankers Trust of the US became the latest in a long line of international banks to open representative offices in Beijing, writes Tony Walker in

A bank representative said the new office move represented Bankers Trust'e commitment to China and to Asia.

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- No. 1 nuclear fuel manufacturer in the world

- No. 1 in Europe and No. 3 worldwide in connector manufacturing

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GOOD RESULTS IN 1993

In 1993, Framatorne's revenue reached FF 17 billion, versus FF 12.7 billion in 1992.

This increase of slightly over 33% is mainly attributed to revenue from recently acquired subsidiaries:

- the revenue of fuel manufacturing companies acquired in July 1992 were recorded for the full year,

the acquisition of Jeumont Industrie in

 in the connector field, Daut + Rietz and Connectors Pontarlier were also acquired this past year.

Trie increase is also due to the invoicing of non-recurring contracts: the fuel transfer station and related systems for Superphenix (Framatome) and the European Transonic Windfunnel (ETW) test section, designed to simulate the flight conditions of large European commercial aircraft (NFM).

Net-income after minority interests was FF 863 million, its decrease compared to 1992 (FF 950 million) is explained by the fol-

- in the connector field, the drastic worldwide decline of orders in the military and civil aviation industries,

- at Jeumont industrie, the implementation of a necessary industrial restructuring plan has been costly, particularly in the electromechánical sector.

At the close of the 1993 financial year, the order book reached the same level as at year-end 1992. In the nuclear sector, it comprised four nuclear reactors in France and two nuclear islands in the People's Republic of China (Daya Bay). The first Daya Bay unit started commercial operation in February 1994 and the second, in May, to the entire satisfaction of our customer.

At the beginning of 1994, Framatome submitted an offer to the Taiwan Power-Company (TPC) for the supply of two nuclear islands for the fourth Taiwanese nuclear power plant.

The acquisitions made or consolidated in 1993 are in line with the Group's strategic objectives that have been in effect for almost 10 years. The 1993 takeover of Jeumont Industrie, which manufactures reactor coolant pumps and control rod drive mechanisms, rounds out our expertise in the nuclear sector. The acquisition at the end of 1992 of Daut + Rietz (automotive) and in April 1993 of Connectors Pontarlier (telecommunications) strengthens FCI's potential in these two burgeoning sectors.

In addition, Framatome Connectors International (FCI) has been reorganized throughout the world into divisions, and the resulting profit is only starting to be felt in

Industrial investment and rationalization efforts undertaken in certain businesses in 1993 continue to bear fruit. They have already produced a significant recovery in results during the first quarter of 1994, particularly in the connector field.

1993	1992
17,011	12,668
10,358 60.9%	8,009 63.2%
	17,011 10,358

Corporate share of net income (in millions of FF) % of revenue 10,200,000 10,200,000 Number of shares outstanding Corporate share of net income 81.6 per share (in FF) Proposed dividend per share (in FF) 39.00



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Services COMPANY INFORMATION

INTERNATIONAL COMPANIES AND FINANCE

An unsentimental view of Hong Kong's future

Wheelock's Mr Woo has a clear view on the way the colony is to survive, writes Simon Holberton

or a man whose perin value by almost US\$1bn this year, Mr Peter Woo, chairman of Wheelock, the large Hong-Kong based conglomerate, is remarkably confident.

"It's all paper stuff," he says.
"You can't look at the share narket and say: "this is reality'. It's your businesses, it's your networking, it's your markets: these can't be simply reflected on any one day in terms of what the market per-

ceives."
Mr Woo's insouciance in the face of a near 30 per cent fall in the Hong Kong stock market since the beginning of this year (and a 22.5 per cent fall in the price of shares in Wheelock) may be in part due to his ownership of almost 60 per cent of the company leaving him feeling impervious to hos-

But the language he uses to display his lack of concern underlines an attitude to busies an attitude to business which Asian businessmen such as Mr Woo, moving between the Chinese and the Anglo-Saxon worlds, are begin-

ning to exemplify. Sporting a Columbia University MBA, Mr Woo, 49, is as comfortable with the latest western management concepts and practices as he is with tha observance of traditional Con-

He is a one of the handful of businessmen in Hong Kong whose commitment to the colony after its reversion to Chinese sovereignty in 1997 is crucial to its long-term success. His group, which has a com-bined market value of more than HK\$100bn (US\$12.9bn), not only owns some of the enduring symbols of Hong Kong – such as the Star Ferry, and the Peak Tram – but is a large developer of residential and commercial property and has sizeable interests in the oolony's infrastructure and container port.

Last month Wheelock made its a first step into the finan-cial services industry by announcing a US\$100m joint venture with National Westminster Bank of the UK, to form Wheelock NatWest, a merchant bank.

Two months earlier Wheelock teamed-up with Mr Rich-ard Branson's Virgin group to bring Virgin's music stores to Hong Kong and China, swapping its control of retail shopping space for Virgin's flare in mass marketing music.

Both the NatWest and Virgin tie-ups fit neatly into Mr Woo's strategy for Wheelock: that it should link up with foreign companies which have expertise or products it lacks. But both deals look small compared with the main challenge Mr Woo has set himself -- to



Peter Woo: insouciant in the face of a near 30 per cent share fall

establish a substantial pres-ence on the China mainland. Two years ago Mr Woo caught investors' attention when he sketched an idea of how to exploit the position of Wuhan, the capital of Hebei province situated on the Yang-

His idea was to build a big container port on the river. with road and rail links to Shanghai and Hong Kong, and industrial and commercial

Ever since the late 19th century Wuhan has been touted as the Chicago of China. Like the city was seen to have enor-

mous potential. But Mr Woo is finding some difficulties with his vision. Although a number of feasibility studies have been finished, his grand design for Wuhan has progressed at a slower pace than he would

They [China's central government) have resource limitations themselves. In terms of their own development plans they have their own priorities and developing Wuhan was not in their five-year plan," ha

Says.
"If there is no outside party from Hong Kong to kick-start these projects then they will take much longer to happen,"

he says. "Bureaucratic politics is extremely intense between cities and provinces, ministries, and across ministries. It's almost like if the idea is from another bureaucracy it must be a bad idea to start off with So they're usually not very receptive to somebody else'e idea, but if it's from the outside then at least you can get

to talk about it." Mr Woo says it is the quality of the proposal which deter-mines success or failure. "I think one should be clear that legitimate business is done whereby your deal and proposal stands on its own. I mean, you might have one or two small deals where people allow you to do things, but you annot look at that as a way of

Any conversation with a Hong Kong tycoon invariably leads to the colony's future and the Sino-British row over its political davelopment. While most of his peers shy away from comment, Mr Woo does not. His reaction to the row is

practical and undramatic. There was an idea about how nice it would be to pass through 1997 without any changes. Well that's not going to happen, something seems to have gone wrong. Is this something we can live with, or is it something which suggests the sky is going to fall in? Well, evidence of the sky falling in is

large engagement have and we must look ahead, we must look through this."

Woo thinks Britsin is wasting its time fighting with China so close to the change in sovereignty. "I believe they [the Chi. nese are sincere about civil rights, but they will not allow political rights whereby one political party can get 31 seats to control Hong Kong's legisla-

ture," he says. The greater right for Hong Kong's 6m people is not elec-tive democracy but the freedom to leave the colony when they want. "Article 31 of the Basic Law [China's constitution for Hong Kong | says that everyone in Hong Kong has freedom of movement. That is a very important policy. If you take that clause away no matter if you have democracy bere or not it will not work."

Mr Woo also has an unsenti mental view of Hong Kong's future. For him there is only one way for colonial Hong Kong to survive. "Wa have to make sure that we enhance our own value and we have to do it in a way that is not very threatening to anybody who works with us. It is the enhancement of our value that will put us in a good position to extend the lease for another

Foodland offer faces probe

By Nikid Tait in Sydney

Trade Practices Commission, Australia's competition watchdog, expects to "look very closely" at the A\$500m (US\$365m) break-up bid launched on Wednesday for Foodland Associated, the Perth-based retail and wholesale group.

The bidder, Rank Commercial, a privately-owned New Zealand company, intends to divide and sell on Foodland's assets if the offer gains 75 per

Its NZ interests would be sold to Whitcoulls, a stationery and bookshop group, while its Australian assets would pass to Coles Myer, one of Australia's biggest retailers.

Mr Alan Fels, TPC chairman, said a major area of concern was that Coles might find it easier to raise prices if it took control of Foodland's Australian assets. It would move to a very strong position in West Australian grocery retailing and already has non-control-ling interests in independent wholesalers in other states.

However, the bidding group, which met TPC officials yesterday, said it had no reason to think the commission would block the bid, which is being contested by Foodland. TPC concerns, meanwhile,

failed to balt a 76 cent rise in the Foodland share price, to A\$5.51 - well in excess of the A\$5.27 a share bid price. Broken Hill Proprietary, the Australian resources group has filed its defence documents in the ASOn environmental lawsuit brought against it by some 6,000 villagers living around the Ok Tedi copper mine in Papua New Guinea, which BHP manages. It said its defence overall did not vary from its previous position; that Ok Tedi operates in compliance with PNG law and with the support of its government. · Poster's Brewing, the Australian brewer, has extended its licensed production and dis-

arrangements should allow it

to become the top-selling for-

eign beer in Germany. It is cur-

rently in the number two spot.

1993 as a whole. tribution agreement with Germany's Holsten Brewerles to a national basis. It claimed the

profits rise By Ronald van de Krol in Amsterdam

Ahold group

report 14.7%

Ahold, the Dutch-based international food retailing group, reported a 14.7 per cent increase in first-quarter net profit, slightly below the 15.4 per cent rise in the fourth quarter but higher than the 12.5 per cent gain posted in

Net profit rose to F1 110.3m (\$59.6m) from F1 96.2m in the first quarter of 1993, on sales up 7.8 per cent at FI 8.6bn. Operating results in the Netherlands rose by 3.2 per

cent to FI 90.4m. Operating profit in the US was up nearly 5 per cent at \$50.5m.

Fokus Bank property arm under investigation

By Karen Fossii in Oslo

Fokus Eiendom, the property arm of Fokus Bank, Norway's third-largest commercial bank, is to be investigated following alleged irregularities connected with property dispos-

The transaction has already forced the resignation of Mr Leff Klevan, the bank's managing director and chairman of Fokus Eiendom, Mr Stein Oeverland, Fokus Eiendom's chief executive, is expected to

shortly step down. Under Mr Klevan and Mr Oeverland, Fokus carried out 250 property disposals with an estimated value of NKrlbn

including the alleged sale of e

stake in a shopping centre.
Norway's banking, insurance
and securities commission, the finance industry watchdog, has launched an investigation into Fokus and its property arm.

Fokus Bank itself plans an internal audit of the property unit. The bank said the purpose of its investigation was to unoover eventual irregularities of transactions and to evalnate Fokus Elendom's routines for the purchase and sale of roperty".

The group is to submit its findings on June 27. The final report will be handed to the board in August.

T .

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NOTICE TO SHAREHOLDERS

Merger for the incorporation into SIP of IRITEL ITALCABLE, SIRM and TELESPAZIO

Method, terms and conditions for the exercise of the withdrawal right following the modification of Art. 4 (Object) of Company by laws. Notice is hereby given that on 6th June 1994 the resolutions of the SIP Extraordinary Shareholders' Meeting of 19th May 1994 were registered at the Court of Turin, no. 34131 of the Order Register.

Tharefore, in application of Art. 2437 of the civil code. SIP Shareholders who did not participate in the Meeting and who intend to exercise the right of withdrawal must send the withdrawal statement by registered post to:

SIP - Società Italiana per l'Esercizio delle Telecomunicazioni p.a.

Sede Lagale - Direzione Generale Amministrazione - Tesoreria e Gestione Crediti Rapporti con l'Azionariato

Via San Dalmazzo, 15 - 10122 Turin

The withdrawal statements must be sent no later than 21st June 1994 (the postmerk will be proof). The Company will accept the withdrawal statements sent according to the above terms, as long as they arrive by and no later than the further deadline of five days, that is 27th June 1994. Due to the limited time the withdrawal statement can be sent in edvance by fax (011-5515555) with successive confirmation by registered post.

The withdrawal statements must include personal details, fiscal code, address and telephone number of the withdrawing Shareholder, indication as to the number of shares to be withdrawn, identification number of share certificates, as well as indication of the Depository if the shares are in custody. Furthermore, and pursuant to the above, the declarant will have to send, together with the above mentioned statement, or if this is not possible, by 8th July 1994, adequate proof of being a Shareholder prior to 19th May 1994.

in particular.

for the shares not issued in cantralised management through Monte Titoli S.p.A. the representative certificates of the shares will have to be deposited at the Company (registered office in Turin, Via San Dalmazzo, 15 or secondary office in Rome, Via Flaminia, 189) and at the same time it must be shown that their transfer to the withdrawing Shareholder was axecuted prior to 19th May 1994; this proot will be supplied: for registered shares - ordinary and savings - with certificates showing the registration or endorsement to the withdrawing Shareholder before 19th May 1994, and for bearer savings shares through purchase confirmation (or equivalent document) dated prior to 19th May 1994;

for the shares issued in centralised management through Monte Tholi S.p.A., the certificate issued by the Depositary in accordance with law no. 289/1986, proving thet the ownership of the shares was in force prior to 19th May 1994, will have to be consigned: furthermore, the written notics of the axecution of the transfer order from the account of the Depositary Monte Titoli S.p.A. to the SIP account, communicated according to normal banking procedure and dailvered to SIP within the ebove deadline of 8th July 1994, will be considered equivalent to the actual delivery of the share certificates to SIP.

- for the sheres negotiated in the Stock Exchange end for which, by 18th May 1994, the purchaser had not acquired the transfer, in the case of registered shares, or the delivery, in the case of bearer savings shares, the withdrawal will be possible only if the acquisition in the Stock Exchange can be shown with a document dated prior to 19th May 1994, the delivery of the chare certificates still being obligatory.

Once the duties concerning the control of the received requests have been carried out, the reimbursement will be proceeded with on the basis of the average of the official daily prices noted in the Stock Exchange during the six months prior to 19th May 1994, and precisely: Lit. 4,078 for every ordinary share;

before tax, it is specified that the amount on which to calculate the said taxes is equal to Ut. 3, 122 for every ordinary share and Lit. 2,555 for every savinge share. In the cases foreseen by present regulation the prescribed modele RAD will be issued.

The amounts due will correspond with the starting date of the change in the company object, which will coincide with the operating date of the civil law aspects of the merger, and that is: the first day of the stock exchange month following the last of the merger registrations according to Art. 2504 of the civil code, or the first day of the calendar month, whichever is earlier.

The reimbursements will be made gredually in relation to the order of receipt of the relative statements, providing that they are complete end regular. The legal interests, from the date of assumption of the modified resolution of the company (19th Mey 1994) until the day of the payment of the reimbursements, which will be made public with the appropriate notice, will be recognised on the amount of the reimbursements, according to the reimbursements, whik CONSOB provisions.



The President and Managing Director (Ernesto Pascale)



Net rental income record £30 million (1993 - £29.5 million) Profit for the year £20.8 million (1993 - £16.8 million) Portfolio valuation £380 million (1993 - £321 million) Shareholders' funds £319 million (1993 - £258 million)

Earnings per Ordinary share 8.59p (1993 - 7p) Dividends per Ordinary share 4.2p (1993 - 4p)

- ☐ Increase in tenant interest with lettings being established
- on improving terms ☐ Group's balance sheet exceptionally strong with cash
- and listed securities totalling £190 million
- ☐ Net borrowings at 22% of shareholders' funds ☐ Net interest covered 2.6 times by net rental income

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S Bank property under investigate

Supply fears push European prices to new lows

London and Frank McGurty

Bears continued to ravage the market yesterday, pushing government bond prices in several European markets to new lows for this year in volatile trad-

ing.
The overnight fall in US Treasuries got European bonds off to a weak start. Moreover, supply fears continue to over-hang the markets, where sellers and issuers continue to outnumber buyers.

"At the moment it is all about supply," says Mr Kirit Shah, international bond strat-egist at First Chicago. "Supply from bulls who didn't sell earlier on, supply from governments and now from emerging economies and corporates into the economic recovery."

Although he says bonds are in for a correction, he expects

upside. "We could have a long-dated gilt auction, a hope although the Treasury's latest bounce, but don't expect any firework rallies," he warned.

■ UK gilts fell sharply at the open, pressured by weakness in the US. The short end of the vield curve came under further pressure from Wednesday's statements by Bank of England governor Mr Eddie George, which were seen to prepare the ground for a pre-emptive interest-rate increase.

GOVERNMENT **BONDS**

The long end of the yield curve outperformed the short end on hopes that tight mone-tary policy would curb future inflation, but weakened on the day. The 8% per cent gilt due 2017 fell by # to 102%. This dampened expectations that the Bank of England

less likely they'll fund at the long end," said Mr lity Islam, fixed income strategist at Mer-

rill Lynch, who says another floating-rate issue is possible. ■ German bunds fell to a new low in the futures market, but recouped most of the losses in late abort-covering to end only slightly lower. However, the mood remains fragile and deal-

market in recent days.

French bonds fell sharply, causing the 10-year French yield spread over German bonds to jump to 53 basis points, from 43 basis points on

ers expect further volatility.

Wednesday.

The Bank of France's latest 10 basis point cut in its intervention rate to 5.2 per cent lent little support, having been With the market reeling widely expected. Meanwhile, from a sharp rise in the price

which has buzzed around the auction of two and five-year notes went relatively "Today's sell-off makes it smoothly, much of it was seen to have ended on traders'

> Southern European markets were again badly hit by hudget worries in Italy, political jitters in Spain and a Portuguese bond auction where the average yield soared by 125 basis points from the previous auction in late May.

■ US bond prices see-sawed yesterday morning as the Trea-sury debt market encountered mixed economic news.

By midday, the benchmark 30-year government bond was unchanged at 86%, with the yield steady at 7.888 per cent. At the short end, the two-year note held at 100½, to yield 5.822

Borrower
US DOLLARS
Kingdom of Belgium
SE Benkent
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PRENCH FRANCS

of crude oil and other commodities the previous afternoon, traders were greeted yesterday morning by fresh signs that the economy was accelerating.

The Commerce Department reported that housing starts last month had risen by 2.6 per cent, a big surprise for a market expecting a 0.8 per cent decline. The data suggested the recent tightening of monetary policy has so far failed to constrain the rate-sensitive con-

struction industry. The impression of robust growth was reinforced by the weekly report on initial claims for unemployment benefit, which provides the most up to date snapshot of the economy's overall strength. Yesterday, it showed 11,000 fewer people had made claims last week than during the previous seven

While the two reports were not especially important by themselves, they did nothing

NEW INTERNATIONAL BOND ISSUES

to dispel the sense of confusion reigning in the debt markets.

eral Reserve Bank of Philadelthe mixed signals it conveyed

Recent data, taken as a whole has not painted a convincing picture, either favourable or unfavourable, to lead bonds out of their current trading

The same was true of the monthly survey of business conditions issued by the Fedphia later in the morning. But

two-day decline. The shift came with the 30year issue approaching the 7.50 per cent level, a critical level of support. Traders apparently seized on a big drop in the Philadelphia survey's current amployment index as an

excuse to begin buying again. By early afternoon, bonds had retraced all of their earlier losses and appeared to be poised for a move higher.

1.80 1.74 2.80 1.82 1.84

5.47 6 yrs 8.42 10 yrs 5.26 20 yrs 8.36 kred.7 5.96

Day's change %

120.96

-0.48 -0.91 -1.00 -0.82 -0.79

121,55 140.01 157.16 176.64 137.88

Finex Europe will trade were at least enough to trigger a reversal in the market's

Allied Irish Bank, Bank of Ireland and Ulster Bank will

Dublin opening for Finex Europe

By Tracy Corrigan

Finex, the currency futures arm of the New York Cotton Exchange, today opens Finex Europe at the new Dublin Exchange Facility in the International Financial Services

Finex's existing US dollar index futures. In addition, both floors today start trading ster-ling/D-Mark, D-Merk/French franc, and dollar/D-Mark futures around the clock, in Dublin and New York.

act as marketmakers in Dublin, while Nationsbank will make a market from London. So far, Finex has sold 90 permits for trading and broking rights in Dublin for \$10,000 each. Initially, there will be about 15 floor brokers and five "locals" or independent traders in tha pit in Dublin.

According to Mr Peter Burton, director of product developmant at Finex, D-Mark/ Swedisb krona, D-Mark/lira and D-Mark/yen futures will be phased in over the next few

weeks, and other products may be added later.

"[Finex Europe] has a lot of potential," according Ms Mary Fischer, a foreign exchange trader at Nationsbank CRT. "The push is towards Euro-

pean hedge funds."
Finex's foreign exchange contracts in New York are mainly traded by US hedge fund and futures fund managers such as Mr Paul Tudor Jones, NYCE chairman, who will open trading in Dublin at 11.05am. However, some observers are sceptical about the amount of interest that will be drummed up in Europe, given the small number of speculative funds relative to the US market. They fear that the new floor will have to rely

on existing US clients. However, because of the low set-up cost of the Dublin floor, the operation does not require heavy volume to make money.
"We have been trying to figure out a reasonable projec-

tion," said Mr Burton. "A thousand contracts a day is break-even, and we hope to

Pemex to issue samurai bonds

Pemex, the Mexican state oil company, is to issue Y20bn of samurai bonds next month to raise money for factory expansion, company officials said, AP-DJ reports from New York.

Tha issue, which will be lead-managed by Daiwa Securi-ties, will be Pemex's first and Latin America's largest samurai bond issue. Pemer made a US dollar-denominated bond issue earlier this year. The latest funding will be used to finance equipment to process crude oil and petrochemical products.

7.10

Jun 16 Jun 15 Yr. ago

Hong Kong to cut stamp duty

Jun 16 Jun 19 Yr. ago Jun 16 Jun 15 Yr. ago Jun 16 Jun 16 Yr. ago

The Hong Kong government is to reduce stamp duties on stock borrowing and lending to encourage a more active market, Reuter reports from Hong Kong. The duties are said to have discouraged short-selling in the stock market.

At present, duties are payable on stocks borrowed for periods exceeding 14 days. The duty-free period will be extended to 12 months. No date has been set for the reforms but they are expected to be implemented soon, a govern-ment spokesman said.

8.67 8.97 8.79

Jun 16 Jun 15 Yr. ago

2.62 3.63

Ontario targets Japanese investors with Y100bn issue

By Antonia Sharpe

The Province of Ontario achieved a minor feat yester-day, in view of current market conditions, when its Y100bn offering of seven-year bonds put it well ahead of its funding programme for the current ernment bonds.

According to joint lead man-ager Daiwa, Ontario has now raised C\$4bn of its borrowing requirement of C\$7.7bn for 1994, although the province also expects to pre-borrow a further C\$2bn to C\$3bn for

next year. The offering was launched during Tokyo's trading day since the bonds were targeted mainly at Japanese investors,

Syndicate managers said that the pricing of the bonds was aggressive when compared with other euroyen deals. For example, Italy's sevenyear bonds were trading at a yield spread of around 35 to 40 basis points over Japanese gov-

INTERNATIONAL BONDS

However, they pointed out that Japanese investors looked at compon levels rather than investment decisions.

yield spreads when they made When the bonds were freed to trade, the spread was unchanged.

Ontario's bonds went to the joint lead managers - so much so that members of the syndicate resorted to selling their allocations back to them. There were also reports that

a similar situation had occurred shortly after the launch of the Kingdom of Belgium's long-awaited \$500r offering of five-year eurobond the other main deal of the day The pricing of Belgium bonds, at 24 basis points over the when issued five-year Tree sury, was widely regarded a

When the bonds started t trade, tha spraad wa unchanged despite the volati ity in the underlying Treasur, market.

spot on.

SWISS FRANCS Toyots Motor Credit Corp.** 100 5.50 102.00 Jul 1967 standard - Merill Lynch CapilMids. Final terms and non-callable unless stated. The yield apread (over relevant government bond) at learnch is supplied by the learnessers. **Africate placement. **Africate Sconvertible. **Honding rate note. **Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **africation.** **Africate placement. **Africate Sconvertible. **Honding rate note. **Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **africation.** **Africate Sconvertible. **Honding rate note. **Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **africation.** **Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **africation.** **Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **Birth Libor +3/4.** **Librard to response the re-offer level. **Africate R: Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer level. **Birth Librard R: **Coupon. R: fixed re-offer price; tess a shown at the re-offer level. **Birth Librard R: **Coupon. R: fixed re-offer price; tess a shown at the re-offer level. **Africate R: Samt-arrand coupon. R: fixed re-offer price; tess a shown at the re-offer price; tess a shown at the re-offer price; tess a standard re-offer price; tess a shown at the re-offer price; tess a shown at the re-offer price; tess a standard re-offer pric	ITALIAN LIRE Pireligh* #\$, OO.	Dec.1998	2.50	-	Peribas Capital Markets
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be launched next Wednesday. syndicate members late yester- a 10-year maturity and be Joint lead managers day afternoon. priced to yield around 25 bas	menager, ***Private placement. shown at the re-offer level. a) 3- +114% for 1st 7 yes end +3% t	. #Unlisted. §Cor mth Libor +2%. herester, e) Price	nvertible. #Floation of today et 280-	ng rate note. k2%. e) Calle 290bps over	esemi-ennu ble on ocup Treasuries.	on detes to the Callable	. R: fixed re-offer price; fees a rom Jul.01 at per, c) 3-meh LR: on 30/6/96 at 100%/96, c) 3-m
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who were attracted by the 4.40 There was talk in the market that most of the orders for		day afternoon. The offering
WORLD BOND PRICES		
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Hardware side moves into Europe with £25.8m castors purchase

Materials handling boosts FKI

FKI, the electrical engineering and electronic components group, yesterday announced a 38 per cent rise in profits and the acquisition of Rhombus, a German castor manufacturer,

Pre-tax profits increased from £38m to £52.3m. Turnover advanced 5 per cent, from £756.1m to £794.5m, including a contribution of £46.8m from acquisitions. Mr Bob Beeston, chief executive, said the group had done everything it had set out to do during the year, raising margins on steady turn-

Nevertheless, the share price closed 9%p down at 163%p. Rhombus is being acquired from Albert Schulte Söhne for \$5.4m cash and the assumption of £20.4m of debt. Mr Beeston said it would take FKI's hardware division into Europe for the first time, complementing Faultless Caster which is the market leader in North Amer-

ica with a 21 per cent share. The German company has 15 per cent of the European market, with a modern factory in Wermelskirchen and another m Malaysia. Customers include makers of shopping trolleys, hospital beds, and home and

It is not expected to make a contribution to FKI's profits

Safeland

£925,000

of March.

improves to

Safeland, the property investment and trading com-

pany, reported pre-tax profits up from a restated £156,000 to

2925,000 in the year to the end

There was a further acquisi-

tion under the facilities agreed

with Norwich Union. The

group is paying £610,000 for a

retail property in Cambridge-

shire, with gross rental

Turnover was static at

£13.8m, Earnings per share

were 2.98p (0.49p) and a final

dividend of 0.79p makes a

total of 1.39p (0.5p). The company is ultimately

controlled by Safeland Hold-

ings Corporation of Panama.

income of £75,000.



Bob Beeston, left and Eric Bowers: did everything they set out to do during the year, raising margins on steady turnover

Exceptional charge

for Allied Leisure

(2152.4m).

henefited from the improvement in the US automotive sector. The automotive division

lifted profits from £2.4m to

£4.6m on turnover of £17L7m

The hardware division made

profits of £20.3m (£15.1m) on

sales of £172.1m (£132.6m).

helped by the £88.5m acquisi-

tion of Truth, the US manufac-

statement for the 24 weeks to

January 2, when the company

reported a pre-tax loss of

£15.1m, the company said it

was in breach of its banking

covenants. Since then it has

entered into a formal standstill

agreement on capital repay-ments and a continuation of

banking facilities has been

agreed until September 19 1994.

Allied said the agreement

would enable it to continue its

negotiations regarding possible

disposals and on a wider range

In order to aid the negotia-

tions and the financial

restructuring the company is bringing forward its year-end

of strategic options.

imtil next year.

FKI operates through five divisions – hardware, materials handling, automotive, engineering and process control. Profits increased in all five, with materials handling the outstanding performer. Profits in the division rose from £8.5m

Both the materials handling and the automotive divisions

Shares in Allied Leisure fell 2p

to 25p yesterday after the nightchub and ten-pin bowling

group said that an exceptional

charge of £500,000 relating to

the year ended July 16 1993

would be included in its results

for the current year. In June 1993 the company

received £500,000 following a

trading arrangement with a

supplier which was treated as

However, the company said

it had subsequently become

apparent that the receipt was a

loan and accordingly it was

necessary to include it as a

charge in the current year's

Also, in its interim results

income in the accounts.

dows and doors, last Novem-

Engineering profits edged ahead to £10.7m (£10.5m) on turnover of £97.6m (£100.8m), while process control profits were £7.3m (£5.2m) on sales of £176.2m (£161.4m).

Mr Eric Bowers, finance director, said that margins had improved from 5.9 per cent to 7.6 per cent, with margins of 8.7 per cent in the second half. Gearing was 50 per cent at the end of the year, but would reach 60 per cent with the acquisition of Rhombus.

Earnings per share rose from 6.2p to 8.22p. A final dividend of 2.2p is proposed, giving a total for the year of 3.7p (3p).

COMMENT

The constant emphasis on margins and the reluctance to push for revenue growth at any price has certainly paid dividends. It has to be asked whether the rats of growth can be maintained. However, this year Truth should kick in strongly, and the following year the latest acquisition will be adding to the bottom line. Pre-tax profits of £68m this year give a prospective multi-ple of 16. It looks as though high expectations of the current management have been fully reflected in the share price, and yesterday saw some profit taking.

Rise in direct activity helps Bradstock

Bradstock, the insurance broker, yesterday reported a 5 per cent increase in pre-tax profits from £4.57m to £4.81m in the six months to March 31 1994, writes Richard Lapper. Earnings per share increased to 5.35p (5.32p) and the interim

dividend is raised by 3 per cent to 1.6p (1.55p). Turnover, including income from acquisitions, amounted to £16.2m, against £14.4m, and administrative axpenses rose

to £126m (£118m). Investment and other income fell to £1.19m A 24 per cent increase in

income from direct insurance helped offset a decline in reinsurance business.

Tax credit and lower minorities aid LMS

By Vaneesa Houlder, **Property Correspondent**

London Merchant Securities, tha property and investment company, suffered a 20 per cent fall in profits at the pretax level in the year to March 81 from £27.8m to £22.3m. However, a tax credit of 2589,000 (28.58m charge) and a 2500,000 reduction in minority interests to £2.03m resulted in a net profit of £20.8m, up 24 per cent from £16.8m last

Shareholders' funds were 24 per cent higher at £316.2m (£256.2m), excluding the £33m by which the market value of listed investments exceeded the balance sheet fig-

increased in value by 16 per cent to £379.8m, adjusted for sales and acquisitions.

Lord Rayne, chairman, said that there was a "perceptible" increase in tenant interest.

"Although this fragile recovery appears to be progressing, creative investment possibili ties with significant growth potential remain rare, but efforts continue to be focused on identifying suitable oppor-

imities," he said. LMS said a number of unusual factors had contributed to the results.

Gains from property dispos-als and venture capital investments, together with the release of prior years' provisions for corporation tax, more than offset the £2.7m negative effect of ceasing to treat First Leisure Corporation as an associated undertaking; the non-recurrence of the British Sky Broadcasting Holdings guarantee fee received in 1993 (£2.9m); and the fall in interest income from the group's cash resources of 22.7m

The associated undertakings, which last time produced an attributable pre-tax profit of £4.43m, had incurred a pre-tax loss of £831,000.

The main reason was the change in treatment of First Leisure Corporation because LMS's holding fell below 15

Cullen's Holdings, in which LMS has a 26.6 per cent stake, suffered a loss of £158,000 (£102,000 profit). Golden Rose Communications, in which it ber cem incurred an increased loss of £473m (£349m).

US venture capital investments produced gains of £4m, despite the varying fortunes of the individual enterprises. Net rental income from investment property increased from £29.5m to £30m. LMS

made a net gain on property disposals of £8.2m in 1994, compared with £2.24m. Cash and listed securities totalled 2190m on March 31; net borrowings amounted to

270.7m, making gearing 22 per cent of shareholders' funds. LMS has completed its Strathkelvin Retail Park in Scotland. It has started a retail development in California for a 29,000 sq ft store near San Francisco. Earnings per share increased from 7p to 8.58p. The dividend is increased by

0.2p to 4.2p via a 3.4p

Slough offer for Bredero to fail

Slough Estates' privatisation offer for Bredero closed today with few expectations for suc-cess. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.9 per cent of the company, and a number of other shareholders, amounting to a total of more than 25 per cent, have indicated that they will not accept.

BTR offshoot

the business to lift sales from 58m last year to about £35m by

By Kevin Done,

Siemens buys 51% of

Acquisitions help AAH advance 13% to £42m

By Peggy Hollinger

Acquisitions and a buoyant drugs market helped AAH, the pharmaceuticals distribution group, increase pre-tax profits by 13 per cent to £42m in the year to March 31.

The outcome, struck on sales ahead 14 per cent to £1.6hm, were also helped by a net £2m exceptional gain arising from the disposal of the builders' supplies division. The £7.1m profit on disposal was reduced by a 25m charge for rationalis-ing the wholesale drugs busi-

Mr Bill Revell, chief execu-tive, said 1988-94 had been a difficult year in spite of the 4 per cent increase in the overall prescription market.

The healthcare division had faced tough competition end an increasing government squeeze on prescription drug prices. Delays in accrediting

also hit profits. The group had taken steps to improve the efficiency of wholesaling, including reducing distribution outlets and upgrading technology. This programme would be accelerated in the current year. Mr Revell said, and paid for with the 25m restructuring charge. Operating profits were shead

13 per cent in the UK wholesaling division to \$24.8m. Net rgins improved by 0.2 points to 2.3 per cent. Cahill May Roberts, the Irish drugs distribution business, ntributed £3.9m in operating profits, against £1.7m last time, in its first full year with AAH. AAH axpanded its retail

pharmacy business with the equisition of 77 outlets for £27m. Operating profits were up 30 per cent at £7.3m on sales almost doubled from £58.9m to 2104.6m. Mr Revell said AAH intended to focus on the growing over-the-counter market, in

The proposed final dividend was 11.9p for a total 3.5 per

cent higher at 17.9p. Earnings per share were up 6 per cent to 34.8p. After adjusting for the exceptional items. earning fell by 5 per cent to 31.1p.

This was a year of continuing disappointments for AAH, leading to downward revisions in profits forecasts as the year progressed AAH met expecta-tions in the end, but investors are likely to remain wary until the latest actions begin to beer fruit. In its fevour is the growmg demand for drugs and AAH's market position. Fore-casts are for £45.5m. The shares, which fell 10p to 449o on the results, are trading on a prospective p/o of about 18 times. AAH appears to be undervalued, but it is too early

Hardy to cut back North Sea drilling programme

By Peggy Hollinger

Hardy Oil & Gas, the independent explorer, yester-day said it was cutting back its North Sea drilling programme as it announced an 18 per cent drop in net profits to \$8.3m following UK tax changes.

Mr Douglas Baker, chairman, said priority would be given to the appraisal of finds awaiting ment. The decision was taken following the government's decision to eliminate tax shelters for drilling activity at the end of this year.

Mr Baker said Hardy had returned a creditable performance, in spits of weak oil prices. Pre-tax profits had nped by 56 per cent to £5.2m. North American gas prices had remained strong. About 67 per cent of Hardy's production is nprised of gas.

Mr Baker said the current year would be difficult for the whole industry. He was confident, however, that Hardy would be able to weather the problems associated with weak all prices. "The group has major developments in hand or

in prospect, spread across a number of countries," he said. North America, in particular. would show a steady increase in production. Hardy slao enjoyed a strong financial position after last year's 228m rights issue and its policy of non-recourse funding for new

developments. Turnover for the year to March 31 rose by 20 per cent to 260.8m. Operating profits were 29 per cent higher at £12.9m. Earnings per share fell by 28

Enlarged Protean rises 32% and expects further growth

Protean, the laboratory equipment and water purifica-tion company, lifted pra-tax profits by 82 per cent from £4.08m to £5.39m for the year ending March 31.

reter Kyan, c said the company had had a good year in spite of recession and tough times, not only in the UK, but in other markets. The return on sales had increased from 12.3 per cent to 13.1 per cent, "and I see no reason why we should not continue to grow".

Turnover rose from £38.6m to £42.2m, including £3.18m from Techne and LIP, two complementary companies acquired in December. The acquisitions also contributed £552,000 to profits. Mr Ryan commented: "So far every

been successful." The group now comprises 16 companies operating in four countries. Overseas sales accounted for 51.5 per cent of turnover, up from a previous 48.8 per cent. The water purification side

accounted for 57 per cent of (8.55p).

total operating profits of £5.53m. The laboratory water products side did particularly well, gaining market share in spite of market weakness.

Capital expenditure rose from £324,000 to £1.77m, mainly tory in Derbyshire for making furnaces and ovens opened last

Earnings per share rose from 10.44p to 12.92p. A final dividend of 3.7p

(2.65p) is proposed, taking the total for the year to 4.75p

Rea Brothers shares fall on bonds warning

By Simon Davies

Shares in Rea Brothers, the privats banking group, yester-day fell 13p to 62p after the company issued a profits warn-ing, indicating substantial interim losses against the value of its 27m fixed interest

securities portfolio.

The company said that its core businesses had recorded profits "in excess of £1m". But given the sharp decline in the price of medium-term bonds, this would be reduced by up to £700,000 of unrealised losses from its bond portfolio. Kleinwort Benson, the house

broker, has reduced its forecast for the year from £2.2m to £1.5m, and interim profits of less than £500,000 (£802,000) are

Nevertheless, Rea maintains a strong balance sheet, with shareholders funds of £23m, and its banking, corporate finance and fund man businesses continue to show earnings growth.

1999, leading to the creation of

ion supervisor on the ser-

From airwaves to across the waves

By David Wighton

It has been a busy and expensive week for Emap. On Monday it announced plans to make a bid for local radio group Trans World Communications which would see it pay about 500 to 200 to 2 about £50m for the 70 per cent it does not already own.

Then yesterday the media

and exhibitions group amounced it faced a likely bill of over £108m after a shopping spree in France's magazina

Emap intends to fund the acquisitions with debt, pushing its gearing to a level that would usually raise City eye-Although it will take the

French magazine titles on to its balance sheet at cost it is unlikely to do so with Trans World's radio licences, which have a fixed term. The resulting goodwill write-off would leave it with gearing of about 100 per cent at the end of March 1995. In August this year, the low point of its cash-flow cycle, the figure will be higher still.

But Mr Neil Blackley, media analyst at Goldman Sachs,

said that gearing was "totally irrelevant" for Emap and pointed to likely interest cover of seven times this year. "This should prove e very good long-term deal for Emap although it will be dilutive this year," said Mr Blackley who has trimmed his current

year forecast from 256.5m to The main acquisition, Editions Mondiales, reported pre-tax profits of £2.4m for 1993 on turnover, after discounts, of about £111m. Its accounts were qualified by the auditors but Emap said this related to goodwill write-offs and unspecified rationalisation costs which were irrelevant to its

valuation of the business. About 40 per cent of turnover comes from Télé Poche, one of France's top five TV listings magazines. It is elso strong in the women's, outdoor pursuits and motoring sectors where Emap has similar titles in the UK.

The acquisitions, which together employ some 800 people in Paris, will come under the control of Mr Kevin Hand, chief executive of Emap's consumer magazines division.

DIVIDENDS ANNOUNCED

By Kevin Done, Motor Industry Correspondent	1999, leading to the creation of an additional 150 jobs. It aimed to become a leading interna-		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total lext year
1989 by BTR and the electrical	tional supplier in the growing market for composite intake manifolds for engines. The UK subsidiary will operate as part of the Siemens Automotive group's integrated air fuel systems business based in Ontario, Canada. Chrysalis	AAH fin Addre Printing fin Advie fin Bradstock fint Bradstock fint Brockhampton fin Ghester Water Destenens Elect § fint Hardy Oil & Gas fin Locker (Thomas) fin London Merchant fin Moorgate Smaller fin Perms § fin Porter Chadburn fin	1.0424 0.5 1.6† 7.5 170 2.1 2.2 1	Oct 3 Sept 27 Sept 1 July 21 Aug 11 Oct 3 Aug 4 July 29 Aug 27 July 25 July 20	11.5 0.982 0.5 1.55 5.3 150 1.8 1.8 1 0.65 3.2 2.48	17.9 1.987 10.5 255 3.7 1 0.4 4.2 4.28 4	17.3 1.892 1 5.5 7.5 225 6.4 3 1 4 4.28
tive engines using Dunlop's lost-core moulding process. It has a workforce of 165 based in Telford, Shropshire, and will operate as Siemens Automotive Systems. Siemens said that it expected	Friday Productions has asked us to point out that they and not Bentley Productions produced the drama series Har- nessing Peacocks for Meridian Broadcasting. Mr Brian True- May of Bentley was product-	Proteen fin RCO Int Safeland fin Safeland fin Smith New Court fin Southern Water fin Swalec fin Ugland kill fin	3.7† 4.95 0.79† 8† 15.4 18.1 0.74	July 29 Sept 26 Sept 7 Aug 27 Oct 3 Aug 19 Oct 3	0.4 2.7 4.95 0.44 5 14.2 15.7	nii 4.75 1.39 10 23.1 25.8 0.74	1,25 3,6 15,2 0,6 6 21,3 22,3

investor relations magazine awards'04

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Southern Water buoyant with 7% advance

By Peggy Hollinger

Southern Watsr was in buoyant mood yesterday as lt reported a 7 per cent increase in annual pre-tax profits to £127.5m, against £119.2m, and gave an encouraging report on the capital intensive coastal clean-up programme.

ing director, said Southern had made excellent progress in its Operation Seaclean project, in spite of several surprising and uncontrollable variables: sea-gulls, for example. "Two seagulls equals one human, in terms of the polluting effect," Mr Webster said.

Southern finished the year to March 31 with sales 9 per cent higher at £347.7m (£319.2m), helped by a strong performance from the non-regulated

Mr Webster said the engineering, environmental services, and systems businesses built up since privatisation "are more than paying for

At the operating level, and after start up costs, they increased profits by 20 per cent to £10.1m, representing almost 9 per cent of group profits. Interest gains added a fur-

ther £2m to profits, on sales up by 14 per cent to £88.1m. The core utility business returned an 11 per cent increase at the operating level

Mr Webster said costs had risen by less than 4 per cent in the water and sewerage division. When one-off expenses such as rationalisation and last tax, with an 8 per cent increase winter's flooding were in the dividend to 25p.

ss than 3 per cent Unlike most of Southern's colleagues in the water sector. Mr Webster said the group expected to increase the num-ber of employees in both regu-lated and non-regulated busi-

The rapidly expanding non-regulated businesses and the complex capital spending programme would require new types of skills, he said. However. Southern remained committed to cutting costs where

The dividend is raised 8.5 per cent to 23.1p (21.3p) with a recommended final of 15.4p with a scrip alternative Rarnings, held back by previous scrips, rose just 6 per cent to 70.3p (66.3p) per

Southern was the best performing water stock last year, and yesterday confirmed that support. Net cash of £10m and small underlying cost increases reinforce faith in its cash management. This will be vital in the forthcoming rigor-ous price regime, when the group will be expected to cope with capital investment of between £1bn and £1.5bn. In the end, everything rests on the spending authorised by Ofwat. Southern'e track record may make it attractive relative to the sector, but water stocks in general are likely to languish until price uncertainty is between £135m and £140m pre-

Regalian returns to the black with £2.75m

By Simon Davies

Regalian, the residential property developer, has returned to profitability after two disastrous years, with £2.75m before tax for the 12 months to March 31, compared with a loss of \$83.5m.

It also announced that it had the 2.5 acre site of the Royal Brompton Hospital, London, and was looking for other development opportunities in what it sees as an increasingly buoyant market.

During the year debt was reduced from £62m to £13m - it has since fallen to £5m - and the group was able to write back some provisions which enabled it to return to the

Some 239 houses and apartments were sold during the year, helping to increase turn-over from £57.8m to £63m. It has sold 19 out of the 20

apartments in Kensington Palace Gardens, London, the ambitious luxury development which had led to about £20m of provisions the previous year.

Overall, about £8.7m of previous provisions for property developments were released, after the company had taken

£52,9m of provisions in 1992-93. Mr Bob Perdeaux, finance director, said further writebacks this year were unlikely.
Administrative expenses fell from £4.05m to £2.76m, reflecting lower staff levels, but also a cut in directors' salaries. Interest payments fell to £2.97m (£10.8m).

confidence in the residential market recovery by lining up £20m of new banking facilities to fund expansion.

Mr David Goldstone, chairman, said the company had in place a development programme with "an estimated realisation in excess of £110m, over the next three years. Planning consent had also been received for a 1.52m sq ft

office and residential development in Bishopsbridge, Pad-Mr Goldstone said he was confident that it could be sufficiently pre-let to enable Regal-

ian to proceed within "the rea-sonably near future." Regalian is currently unable to pay dividends, due to a deficit on its profit and loss account. It plans to seek court approval for a restructuring, which would enable it to pay a

£31m cash call

By Vanessa Houlder,

yesterday amounced a £31m rights issue to allow it to take advantage of the upturn in the

which is substantially unlet, is likely to need £10m to £20m of new funds from Wates in 1995. Wates said that the City rental market has stabilised

substantial lettings on attractive financial terms". The 2-for-7 rights issue, which involves the issue of

last September, which was

The cash call sent Wates'

Wates said the valuation of one of its buildings at Queen Victoria Street was "signiffcantly lower" than thought last December, after a lowerthan-expected rent review.

Inchcape expands activities in China

Wates launches

Wates City of Loudon Properties, the only UK prop-erty company to hold all its assets in the City of London,

launch the rights, which will help it to carry out develop-ments, retain existing buildings and exploit new opportunities, followed talks with institutional shareholders.

the property cycle is starting again. With these big build-ings, you have to start early rather than later," said Mr John Nettleton, joint manag-

The rights may allow Wates to go ahead with the redevel-opment of Winchester House is expected to start next year. The money will allow Wates to refinance Vintners' Place, a

44m new shares at 73p apiece, follows a £24m rights issue

used to cut borrowings.
The rights issue, which has been underwritten by Morgan Grenfell, has been sub-underwritten by Mercury Asset Management, whose clients hold 9.3 per cent of the company. Brokers to the issue are Cazenove and Warburgs.

shares down 5p to 75p. It was greeted cautionaly by analysts, some of whom are wary about medium term prospects for large new City developments. The development wheel is already rolling. A lot of stock already has planning permission. Two years out, we could be heading for another over-Marc Gilbard of Goldman

Inchcape, the motors, marketing and services com-

Property Correspondent

City property market. Wates said the decision to

People take the view that

at 100 Old Broad Street, which

joint venture with Sumitomo Corporation. The 267,000 sq ft bullding by the River Thames,

since the fourth quarter of last year, although "it still remains difficult to achieve

Cazenove and Warburgs.

See Lex

pany, is expanding in China through the acquisition of a motor distributor and the creation of a consumer products

For \$8m (£5.8m) it is buying 60 per cent of Nanjing Hong Kong Changjiang. It is also taking an 80 per cent stake in Inchcape (Nanjing) Develop-

Eurotunnel gets a sinking feeling The rapidly falling share price is causing concern. Simon Davies and John Ridding report

hile an investigation continues into the alleged downward manipulation of Eurotunnel's share price prior to the pricing of its £858m rights issue, market forces have now left the shares at the same depressed

With four trading days to go before the issue closes, underwriters remained optimistic of strong take-up, but the rapidly sliding share price is caus-

ing concern. Eurotunnel shares closed yesterday at 303p, only %p above their low point for the year, and the take-up of rights shares is likely to fall with any further drop in the share price. The manipulation investiga tion by the Freuch stock exchange authorities was sparked by suspicions that underwriters may have forced the share price down before the price was fixed, through short selling, in order to limit

their underwriting risk. "We have no evidence that links the short selling to any of the underwriters," said one of the leading underwriters.

But the underlying assump-tion behind the manipulation scenario that the share price would reach a higher equilib-rium is proving unfounded, and the genuine level of market demand remains in doubt.

The small French shareholders will be a core factor in the take-up, accounting for about 43 per cent of the existing shares. French bankers were yesterday suggesting that those shareholders who had struggled thus far, would take up the tunnel's second rights issue since the tunnel is now opening and the revenues will soon start to flow in.

problem, says Mr Christian Cambier, the French head of the association for Eurotunnel shareholders. "Investors would have sold out already if they were not going to subscribe, and the price they have to pay to take up their shares is low."

This view was, unsurprisingly, echoed by Mr Jean-Michel Plou, first vice president of Banque Indosuaz, which led the underwriting in France.

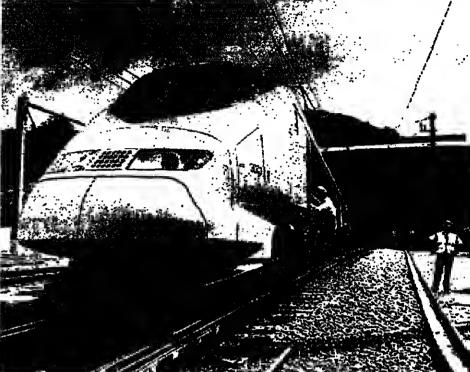
Nevertheless, brokers said there had been strong selling of both nil paid and ordinary shares in France, and the risk for the underwriters remains. Given the amount of small shareholders, who traditionally are more likely not to take up rights, underwriters expected between 5 and 10 per cent of shareholders not to take up rights. This would leave a

rump of up to 32m new shares. But once again, news on the progress of the tunnel has not been favourable in winning over investors concerned about the risks of its profit projec-

Stock markets have not significantly improved since the May 26 announcement of the rights issue, and shareholders are being asked to pay up to substantially increase their

For those original shareholders, who took up the 1990 rights issue, the latest cash call represents 73 per cent of their original investment. This time round, there are uo free travel incentives to encourage

At the current share price, it seems unlikely that underwriters will be left with more than the expected 10 per cent, and this rump will be placed out to



Eurostar train; no engineering miracles this time to resone underwriters if shares sink in

In the circumstances of a fully sub-underwritten offer, pitched at a reasonable discount to the current share price, this process would be a

formality.
Institutions who sub-underwrote the issue, would be expected to take up their share of the placement, rather than be forced to take up under-writing commitments.

In the case of Eurotunnel, this will not be done with any enthusiasm, and if the share price falls further, so will the

A leading UK fund manager added: "It all gets back to who wants to buy the shares, and my sense is that there is just no institutional support." Mr Richard Hannah, analyst at UBS Securities, said: "I would remain cautious about the genuine appetite for shares in the market. At the moment trading is in the hundreds of thou-sands of shares, It will be dif-

ferent if underwriters are offering many millions of shares." One underwriter pointed out that in the 1990 rights issue, the share price had sunk closer

dend 40 per cent higher at

Osprey Communications, the advertising and marketing ser-

vices group, swung back into the black in the six months to

Turnover was flat at £12.5m although last time's total

included £7m from discontin-

ued activities - and pre-tax

profits amounted to £357,000

(losses of 1.29p), but there is

again no interim dividend.

reflecting "constraints on

Earnings emerged at 1.18p

against losses of £173,000.

Osprey Comms

March 3L

stage of the offer, but had thence rebounded to gain a 98 per cent take-up. He was optimistic the same would follow this time, In 1990, however, confidence

was restored by the historic, and very timely, meeting of the French and English ends of the tunnel just two days before the issue closed.

This time round, there are no engineering miracles left to rescue underwriters if the share price sinks further before the close.

Costs push loss to £1m at Ugland

Exceptional and non-recurring costs were responsible for raising pre-tax losses at Ugland International, the ship owner, manager and dry dock operator, from £591,000 to £1.23m in the year to March 31.

The results are the first to be reported by the enlarged group acquired control last October from Bristol Channel Ship Repairers, which coincided with a £19m rights issue, acqui-



sition and name change. Costs of £816,000 were for reopening and upgrading dry dock facilities in Swansea and £171,000 in obtaining a full listing on the Oslo etock exchange. Non-recurring costs of £187,000 were mainly for A maiden final dividend of 0.74p is recommended.

Adare Printing

June 16, 1994

The acquisition and turning

round of Waddington Business Forms enabled Adare Printing Group, the Dublin-based print ing company to report pre-tax profits for the year to April 30 almost tripled at I£1.48m (£1.45m), against I£565,000.

Since the year end it has acquired Alexander Pettigrew, which is in the business forms sector, for £835,000 and Label Convertors, a label manufacturer, for £1.17m.

Group sales increased from 1£10.7m to 1£28.5m, including 1216.1m from acquisitions. Earnings per share were 17.3p 1.56p) and the total dividend is increased to 1.987p (1.892p) with a final of 1.042p.

Thomas Locker

A £2.6m exceptional charge this time left Thomas Locker (Holdings), the general engineering group, with a pre-tax loss of £3.43m for the year ended March 31. This compared with a £421,000 profit

previously. The exceptional comprised a £2.6m provision for losses on disposal of Associated Perforators and Weavers and APW Two, and a £596,000 full provision against the investment in and amounts due from Locker Asia and also for a guarantee in place to a Thailand Bank.

Turnover came to £34.42m (£37.62m) and losses per share were 8.89p (0.42p earnings).

A recommended final divi-

CITIBANK, N.A., Agent

NEWS DIGEST

dend of 0.2p (0.65p) makes a total for the year of 0.4p (1p).

Embassy Property Following a year of change, Embassy Property Group, the development and investment

company, reported a pre-tax loss of £852,000 for the year to March 31, against profits of £1.25m. Just before the end of the

period the company completed complex restructuring together with a £8.7m acquisition and a £3m Chinese investment. Net assets at were £18.1m. The company said that pros-

pects were encouraging. Further acquisitions were planned. Turnover for the year was £9.12m (£11.9m). The pre-tax figure was struck after an exceptional gain on the restructuring of £489,000 (£6.72m) and lower net interest charges of £160,000 (£347,000). Losses per share were 0.7p,

Brockhampton

Brockhampton Holdings, the parent of Portsmouth Water, lifted pre-tax profits by 22 per cent from £4.57m to £5.58m in the year ended March 81. Turnover rose by 8 per cent to

Fully diluted earnings per

share climbed from 33.6p to 42p and a recommended final divi-

dend of 7.5p makes a total divi-

RCO Pre-tax profits at RCO Holdings, a supplier of integrated

site support services, fell by 5 per cent from £2.41m to £2.28m in the first half to April 1, as market conditions continued to against earnings of 2.3p. be unfavourable. Sales were down 6 per cent at £23.5m (£25m).

The interim dividend is

maintained at 4.95p on earnings per share of 13.95p

Chester Water

Chester Water, the statutory water company, reported a 8 per cent decline - from £2.17m to £2.03m - in pre-tax profits in the 12 months to March 31.

The outcome, which came on turnover of £6.02m (£5.64m), was struck after restructuring costs of £159,008 and £40,868 in connection with the periodic

review instigated by Ofwat. Earnings per share dipped to 600.5p (617.7p); a final dividend of 170p brings the total for the year to 255p (225p).

Moorgate Smaller

Moorgate Smaller Companies Income Trust had a net asset value per share of 137.96p at April 30, a 13 per cent rise on the 122.14p of a year earlier Net revenue for the year advanced from £2.15m to 23.12m for earnings per share of 4.56p (4.41p). The dividend is

held at 4.28p with a proposed unchanged final of 2.48p.

Denmans Electrical Denmans Electrical, the USMtraded wholesaler, importer and manufacturer of electrical goods and fittings, yesterday reported a 33 per cent advance

in interim profits. On turnover ahead 22 per cent to £24.1m, helped by the acquisition last November of Palmer Riley, pre-tax profits for the six months to March 31 improved from £1.08m to

£1.44m. The interim dividend goes up from 1.9p to 2.1p, payable from earnings per share up 30 per cent to 21.48p (16.53p). The shares fell 33p to 625p.

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final dividend next year.

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Swalec, the south Wales electricity utility, aims to maintain a progressive dividend policy whatever the outcome of the review of the electricity distribution business by Prof Stephen Littlechild, the industry regulator.

The company said yesterday that the review was widely expected to reduce profits throughout the electricity sec-tor. But Swalec was confident that its cost-cutting and diversification policy was correct. The results of the review are

due later this summer, and will set controls over businesses which account for 80 per cent of regional electricity company Swalec reported a 19.5 per cent increase in pre-tax profits

from £87m to £104m on sales of continuing businesses of £605m

A 15 per cent rise in the final dividend to 18.1p brings the full year pay-out to 25.6p (22.3p). Earnings were 73.6p

chief executive, said one of the main factors behind the rise was the cost-cutting drive, which brought costs down 8 per cent in real terms. This drive would continue into a further phase, he said, though he declined to give specific numbers for job losses. The group also received its

Mr Andrew Walker, the new

first returns from new generation projects: a gas-fired power plant on Teesside and a wind farm in Cumbria.

Profit growth came from the distribution business which raised its contribution by £10.8m to £79.3m. The supply business increased profits by £800,000 to £6.6m. Celtic, the contracting arm, suffered an operating loss of £2.2m in a dif-ficult market after reorganisation costs of £1.4m. Swalec also has a 40 per cent interest in CSW, a new cable

TV and telecommunications company, for which an investment of £30m is foreseen over the next four years. The result included a £10.2m

(£9.1m) dividend from the

Alvis edges ahead to £2.24m

By Bernard Gray

Alvis, the defence contractor reported increased profits of 22.24m pre-tax for the six months to March 31, compared to £2.19m last time.

The upturn was achieved despite a fall in turnover to 236.7m (245.8m) reflecting, according to Mr John Robert-shaw, chairman, reduced order books at the Alvis Coventry subsidiaries, which manufacture armoured vehicles.

However, Mr Nick Prest, chief executive, said there were good prospects for further export and domestic orders in the medium term. After tax, minorities and the preference dividend, losses per share were 0.5p (earnings of 0.1p). This primarily resulted from the sale of military optical equipment subsidiaries to 51 per cent-owned Avimo Sing-apore in 1993. On a pro-forma basis, stripping out the trans-

action, earnings would have The interim dividend is

unchanged at 0.5p.
In the Avimo Singapore group, Hello, the maker of periscopes, turrets and other equipment for fighting vehicles performed well, as did Arab International Optronics, an associate. But contract delays hit the performance of Avimo Alvis Aerospace, which makes vehicle transmissions, and Avimo Electro-Optics.

Higher interest income, following the sale to Avimo, was more than offset by higher interest charges at Alvis Vehicles, where borrowings rose as a result of the unwinding of customer advance payments on manufacturing con-

Unipower, the manufacturer of specialist military vehicles acquired in February, did not make a material contribution to the figures.

However, Mr Robertshaw said that the earnings benefits of the acquisition were expected to show through in the next financial year when the British Army BR90 bridgebuilder contract comes on stream.

The shares closed down 7p

Chloride returns to the black

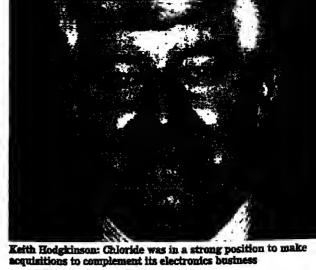
Chloride Group, which is transforming itself from a batteries business into an electronics group, returned to the black for the year ended March 31, but profits were not high enough to restore the dividend. Pre-tax profits were £1.21m

on total turnover of £101.4m. compared with a £1.58m loss last time on sales of £100.2m. After tax and the preference dividend losses per share were reduced from 2p to 0.5p.

Mr Keith Hodgkinson, chief executive, described the results as a "significant improvement". The profit was struck after a loss of £1.7m on the disposal of battery husinesses in Kenya, Zambia, Zimbabwe, Botswana and Malawi.

Operating profits on continuing operations were £2.8m on turnover of £38.5m, compared with a previous loss of film on turnover of £36m. Operating profits, including discontinued operations, ware £3.39m (£869,000).

The alectronics division



made a profit of £1.69m (£2.26m loss) on sales of £78m (£74m). The division - comprising uninterruptible power supplies for computers, emergency lighting, and power conversion

- was the key to the group's future, Mr Hodgkinson said. The uninterrupted power supply business performed par-ticularly well, helped by last year's purchase of Ondyne, a European manufacturer spe-cialising in the office products

FINANCIAL TIMES FRIDAY JUNE 17 1994

Mr Hodgkinson said the world office uninterrupted power supply market was growing at more than 10 per growing at more than 10 per cent a year. The group was set, isfied with its progress in elec-tronics, but saw plenty of room-for improvement in both seine and margins.

The continuing battery bust nesses, comprising a subsit. iary company in Egypt and associated companies in Nigeria and South Africa, made profits of £1.05m on sales of £11.5m, slightly below the previous £1.25m on £12.1m. The previous £1.25m on £12.1m The previous £1.2 group is continuing to mak buyers for these businesses. Mr Hodgkinson said the

group wanted to return to the dividend list as soon as possi-ble, but had to be sure that payments could be sustained.
The group ended the year ungeared, with almost film not cash. This left it in a strong position to make acquisition to complement its electroides

Tinsley Robor shows advance to £450,000

Tinsley Robor, tha printing and packaging company, reported pre-tax profits up from £15,000 to £450,000 in the year to March 31. Turnover rose 7.3 per cent to £29.5m. compared with £27.5m.

Mr John Rose, chairman, said the company had made steady progress but the return on assets was still below the minimum acceptable. Earnings per share were 1.1p (losses 0.4p). The dividend is passed. He added that the present year had started in line with expectations of continued steady improvement. "I expect that the coming year will provide the results which will

enable our return to the dividend list." The pre-tax figure was after charging termination costs of £218,000 and start-up losses for the new Netherlands plant of £206,000. Interest costs fell from £623,000 to £494,000.

Bloomsbury valued at £9m in placing

Shares in Bloomsbury Publishing, one of the UK's leading independent book publishers, have been placed at 105p, giving the eight-year-old company a market capitalisation of

A total of 5.26m shares were placed with institutions by Beeson Gregory at 14 times historic earnings. Dealings in the shares, which will have a full listing, commence on June 23. The net proceeds of the placing to the company of £2.7m will be used to fund the expansion of the new paperback, children's and home reference books divisions and to acquire the rights to works of leading

authors. The company also intends to repay £1.15m of loan stock and about £250,000 of accrued dividends and loan stock interest. Bloomsbury made an operat-

ing profit of £858,000 in the year to December on turnover of £8.5m, up 41 per cent and 5.6 per cent respectively on

Mr Walker said Swalec sup-

ported the proposed sale of the National Grid, and took the

view that the shares should be

handed straight to the share-

holders of the regional electric-

Swalec is putting a brave face

on the distribution review

because it is potentially one of

the more exposed recs. With

dispersed market it serves.

Swalec needs higher rates of

return, and it is up to Prof

Littlechild to decide whether

these are justified. As it is,

Swalec's electricity prices are already among the highest in the country. The results were well received in the market,

where the shares gained 6p to

635p. With further progress on cost-cutting, and problems on the contracting side under

tighter control, analysts felt

Swalec should be making solid progress. Nonatheless, the

shares carry the second high-

est yield in the sector - 5.7 per

cent - due to the regulatory

vulnerability.

O COMMENT

On a notional net dividend of 2.94p last year, the gross dividend yield at the flotation

price was 3.5 per cent.
Following the placing, Mr Nigel Newton, founding chairman and managing director, will own 9.7 per cent of the ordinary share capital, approximately 90 per cent of his original stake in the company. However, two other founding directors, Ms Liz Calder and Mr Alan Wherry, are selling virtually all of their sharehold-

Bloomsbury's original backers, Caledonia Investments and Legal & General, will own 14.7 per cent and 5.1 per cent respectively, while Baring Investment Management will hold 8.2 per cent.

Clinical trials encourage **British Bio**

By Daniel Green

British Biotechnology has had further promising results from clinical trials of its cancer drug Batimastat. The last published results, in March, provided the basis for a £90m cash raising exercise by the company.

The number of patients tak-ing Batimastat has increased from 15 to 24. Some are showing a fall in the amount of a substance in their blood called CA 125, a widely used indicator for the progression of ovarian cancer. The fall indicates that the disease is retreating. Analysts at James Capel, the

stockbroker, have estimated the potential market for Batimastat at up to \$6bn (£4bn). If clinical trials go well, the drug should be launched in 1997. British Biotechnology also said that it had begun work on an oral cancer drug that works with a similar mechanism to

Batimastat, which must be injected. It also said it was creating a subsidiary to research into treatments for multiple scierosis.

Porter Chadburn loss at £17m

Provisions related to its were all profitable and gener-preference shares in December withdrawal from the unprofit- ating cash. able consumer products divi-sion pushed pre-tax losses up sharply at Porter Chadburn in

the year to April 1 On sales of £133m (£138m), including £78.9m (£70.5m) from continuing operations, the packaging and specialist distribution group reported a deficit of £17.2m (£3.62m).

Mr Pat Barrett, chairman, said the withdrawal from the unprofitable division was complete. The remaining activities losses and repayment of the

charges of £14.6m included £8m of goodwill written back to comply with new accounting standards. Bank borrowings at the year end were £9.1m (£10.9m) and

ating cash.
The operating loss was

£1.22m (£4.34m). Exceptional

the company said they had fallen further in the wake of the disposals. However, shareholders' funds had declined to £9.5m (£19.5m) due to the high

In the current your than to due in connection with deferred acquisition payments. Losses per share grew to 17.48p (4.82p) and there is no final dividend. Last year digre was a 0.4p final out of a total

of 1.25p. Mr Barrett said the American label business had started the year well and in the UK the specialist distribution divi-

Penna £309,000 in red

Penna, the USM-quoted holding company for the profits of £102,000. Sanders & Sidney outplacement consultancy, blamed strong competition in a less active market for a pre-tax loss of £309,000 for the year to March 31. This compared with a £1.94m profit. Turnover dropped from £10.8m to £8.02m.

The company also announced its first strate-gic acquisition outside its core outplacement activity, with the purchase of GHN, a specialist in career management for senior executives. Consideration is £285,000 cash and 656,250 new shares.

At December 1993, GHN's net assets totalled £267,000 and it reported annual pre-tax

Mr John Beard, chief executive, said that with the GHN acquisition "we will begin to implement our declared strategy of broadening the earnings base of the group through expansion

into related sectors". He said that although the loss was "clearly disappointing", the Sanders & Sidney business remained a strong cash generator. Cash in the year-end balance sheet was £904,000.

Losses per share were 4.3p (26.4p carnings). The recommended final dividend is 3p, making a total of 4p (10p) for the year. The shares fell 5p to 103p yesterday.

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Courtaulds plc

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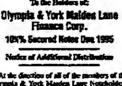
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STATE PROPERTY AGENCY

TENDER INVITATION

The State Property Agency (1133 Budapest, Pozsonyi út.56.) announces a singleround open tender for the purchase of state owned stocks of FMV Finommechanikai Rt (Precision Engineering Rt. 1106 Budapest, Fehér út 10).

The registered capital of the company is HUF 330.000,000 and the SPA is its 100% owner. The company's capital on 31 December 1994 was HUF 465,961,000 over the registered capital.

Within the frame of the tender invitation a share pocket of nominal value HUF 297,000,000 will be sold which represents 90% of the company's share capital. Bids can be submitted exclusively for the offered quantity of shares.

Shares of nominal value HUF 33,000,000 representing 10% of the registered capital were separated for employee ownership with favourable terms.

Competitors are obliged to list shares of nominal value HUF 250,000,000 in the course of capital Increase to be carried out in the 4th quarter of 1994.

The stock company's major sphere of activity is: the development, production and sale of professional telecommunication equipment. Bids are to be submitted to the address given hereunder in a closed envelope

without letterhead in three copies in Hungarian language. Foreign competitors can submit their bids in English or in German in addition to the Hungarian copy, but in this case too, the Hungarian is exemplary. Blds should be handed over in the presence of a Notary Public within the period kept

open before the deadline.

The closing date and place for tender to be submitted is:

August 3, 1994 between 12.00 - 14.00 pm

State Property Agency

1133 Budapest, Pozsonyl út 56. 8th floor, Room 804.

The following text should be indicated on the envelope in Hungarian: "Pályázat az FMV Rt-ben lévő állami tulajdon megvásárlására."

(Tender Invitation for the purchase of state owned stocks of FMV Rt.)

The State Property Agency retains the right to deem the offer null and void.

Those submitting a bid should pay a deposit of HUF 5,000,000 to prove their purchasing intention as prescribed in the tender invitation. Competitors should keep their offers valid for at least 90 days reckoned from the

date of submission.

Those wishing to take part in the tender must sign a Confidentiality Agreement and purchase the document "Terms of Bidding and Information Memorandum" the price of which is HUF 20,000 plus VAT for Hungarian parties, from the

State Property Agency 1133 Budapest, Pozsonyi út 56. Customer Services Bureau.

ttee Elley Englacering Limited (Registered no. 191962) SRE Controls Limited (Registered on 1291181) Entwic Products Limited (Registered no 1161391) Lugas Electrical Products (Registered no 166066) SRE Distribution Limited

Mondow Lane Industrial Estate, Alferton
MOTRICE IS HERREBY GIVEN, pursuant to
Scotion 48(1) of the insubvency Act 1966, that a
sneeting of the suscensed creditions of the abovenames companies will be held on 21 June 1994 at
the Quaker Meeting House, SI Junes Row,
Sheffield at 11,00mm. Creditions whose claims are
wholly secured are not mainted to astend or be
represented at the meeting. Other creditions are
only entitled to vote if (a) they have delivered to
m at the address shown below, by not later than
soon on 20 June 1994, written details of the debts
they claim to be due to them from the companies,
and the claim lass bow day admitted under the
provisions of Rule 3.11 of the insolvency Bules.
1966; and (b) there has been longed with an any
proxy which the creditor intends to be unted on his
or her behalf.

Dutch: 2 June 1994 Signed: David Stoken and Michael Moore Joint Administration Washington

Joint Administrative Receivers Coopen & Lybrard, I Sat Panale, Shefficki St 287

IN THE HIGH COURT OF JISTICS CHANCERY DIVISION

IN THE MATTER OF CAMPBELL & ARMSTRONG PLC

IN THE MATTER OF THE COMPANIES ACT 1965

INVEST IN HUNGARY . A SAFE EXPANSION

LEGAL NOTICES

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For further details, please contact the

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hed by The Januarys of Charterest Accoun



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Appear in the

FINANCIAL TIMES

BANK OF ATHENS S.A. ANNOUNCEMENT OF A PUBLIC TENDER

for the purchase of elements of the assets (claims) of

ATHENS PIPE WORKS S.A.

The BANK OF ATHENS, as special liquidator of the company ATHENS PIPE WORKS S.A. which has been placed under special liquidation as per article 46a of Law 1892/90 by decision No. 3867/92 or the Athens Court of Appeal, the verdict of which was construed by decision No. 592/93 of the same court

annonnces

a public tender for the highest bid with sealed, bluding offers for the purchase of elements of the assets of the ATHENS PIPE WORKS S.A. (bereunder referred to as "the company"), i.e. claims, as described in the Offering

BRIEF DESCRIPTION: On the basis of the company's books, the total claims for sale amount to Grd. 1,971,792,318 as follow Account No. 30 CLIENTS

159,970,386 Account No. 31 NOTES RECEIVABLE GrL 128.532.754 Account No. 33 VARIOUS DEBTORS 1,681,699,168 Grd. Account No. 36 INTERIM ACCOUNTS

Grd. GRAND TOTAL 1,971,729,318 OFFERING MEMORANDUM: Interested parties can receive the detailed Offering Memorandum and any other information regarding the company's assets for sale following a written undertaking of confidentiality.

TERMS OF THE TENDER

1. General: The public tender for the highest bid will be executed in accordance with the provisions of article 46a of Law 1892/90, the terms of the present announcement and the terms contained in the Offering Memorandum, regardless of whether they are repeated or not in the present announcement. The submission of binding offers implies the unreserved acceptance of all these terms.

2. Binding Offers: In order to take part in the tender, interested parties are invited to submit a scaled, written and binding offer up to 1200 hours on Thursday, 14th July 1994 to the Athens notary public Georgia Fiamengou at 31 Harilaou Trikoupi Street, 4th Floor, tel. +30.1-360.9476.

The offers must clearly state the offered price which must be the total price for the company's claims for sale and the terms of payment in detail (cash or credit, mentinoing the number of instalments, wheo they fall due and the proposed rate of interest). Offers submitted beyond the prescribed time limit will not be accepted or taken into account. Also unacceptable are any clarifications, amendments, additions, improvements, etc. to the offers after they have been unsealed, unless these are requested in writing by the liquidator or by the company's creditors representing a factor of more than 51%. The offers will remain binding up to the time of adjudication and the

signature of the contract referred to in para. 7 of article 46a of Law 1892/90. 3. Letter of Guarantee: Every offer must be accompanied by a Letter of Guarantee from a bank legally operating in Greece, of at least (3) months' duration and able to be extended up to the time of adjudication, to the amount of Grd. 100 million. A specimen Letter of Guarantee is contained in the Offering Memomadum. Offers not accompanied by a Letter of Guarantee will not be taken into account. In the event that a highest bidder fails to abide by the terms of the tender, he will forfeit the amount of the guarantee to the liquidating company as a penalty clause and in

4. Submission Procedure: The offers, together with the letters of guarantee must be submitted in a sealed, opaque envelope, in person or by a legally authorised representative,

5. Opening of the blds: This will be done by the ootary public, to her office on Thursday, 14th July at 1300 hours. All those who have submitted binding offers within the prescribed time limit are entitled to attend the opening of the bids and sign the relative act.

6. The highest bidder shall be the one whose bid is deemed by the creditors who represent a factor of more than 51% of claims against the company (heraunder referred to as "the creditors"), following the proposal of the liquidator and at their absolute discretion, as being the most favourable for the company's creditors. It is to be noted that in the event that payment is deferred, the current value will be takeo into account with an annual compoun interest rate of 22%.

7. The liquidator will invite the highest bidder io writing to present bimself without fail at the time and place indicated to the invitation to sign the relative contract for the transfer of the assets, in accordance with the terms of his offer and any improved terms suggested by the creditors and agreed to by the highest bidder, Adjudication will follow the signature of the relative sale contract.

In the event that the highest bidder fails in his obligation to present himself for the signature of the sale contract and abide by his obligations under the terms of the present announcement and the terms of the tender, then the guarantee is forfeited to the BANK OF ATHENS as liquidator, to cover all expenses of any kind and time spent, and any actual loss or loss of earnings, with no obligation to account for them. Moreover, the liquidator BANK OF ATHENS also has the right to consider the amount of the guarantee as having been forfelted to it as a penalty clause and demand its payment from the guarantor bank.

8. All expenses and expenditures of any kind for participation to the tender and the transfer of the assets shall be borne exclusively by the interested buyers and by the highest bidder as the case may be. It is to be noted that for this transfer the exemptions and limitations of para. 13 article 46a of Law 1892/90 apply.

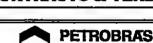
9. The liquidator and the creditors have no liability or obligation towards participants in the tender for evaluating the offices, for proclaiming the highest bidder, for deciding to repeat or annul the tender and generally for any other decision concerning the procedure and execution of the tender. Also, the liquidator, the creditors and the notary public cannot be held responsible for any physical or legal defects in the assets for sale. The submission of binding offers does not grant any right to adjudication. In general, also, participants in the tender do not acquire any right, claim or demand from the present announcement or from their participation in the tender against the liquidator or

10. The present announcement has been drafted in Greek and in English translation. At all events the Greek text will

11. To obtain the Offering Memorandum and additional information, interested parties can apply to the liquidator's representative Mr. Nicholas Tsiokas at the company's offices at 260 Pireos Street, Athens, tel +30-1-482.0828 and 481.1375. Pax: +30-1-481.0171.

Athens, 10th June 1994 BANK OF ATHENS

CONTRACTS & TENDERS BUSINESSES



Financial Times on Tuesdays, Fridays **PUBLIC ANNOUNCEMENT** and Saturdays.

NR 570.9.413.94 **CHARTERING OF NAVAL MEANS FOR** CARAVELA

PETROBRÁS - PETRÓLEO BRASILEIRO S.A. announces that it will be holding an International Bid for chartering of naval means and rendering technical services for laying submarine pipelines in Caravela Field, Santos Basin, South of Brazil. Further Information will be available at:

PETROBRÁS - PETRÓLEO BRASILEIRO S.A. SERVICO DE ENGENHARIA - SEGEN Rua General Canabarro, 500 - 8 andar - Maracenâ

Rio de Janeiro - RJ - Brazil CEP: 20.271-201

PHONE: 055-021-566.5408 FAX: 055-021-566.5347

CONTRACTS & TENDERS



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Turnkey construction of 2 administrative buildings

Data:

1		Suilding 1	Building 2
- Storey sur - Façade su	space, approx. rface area, approx. rface area, approx. ce area, approx.	127.000 m ² 31.000 m ² 17.000 m ² 5.000 m ²	88.000 m ³ 21.000 m ² 10.000 m ² 3.000 m ²

The building sponsor reserves the right to select applicants without constraint.

Completion time: Roughly November 1994 - June 1997 Please enclose the following documents with the application as evidence of capability:

1. Turnover of company in last 3 trading years in relation to comparable services.

2. References with details of contract size and contract

3. Number of employees broken down into occupational calegory.

4. Available technical resources.

Applications must be sent in writing by 24.6.94 to our company to charge of project control

DREES & SOMMER AG Projektmanagement und technische Beratung Obentrautstraße 72 D-10963 Berlin

Tal: 030/21 50 95-0 Fax: 030/21 50 95-20

NOTICE IS HEREBY GIVEN that a Petition was on 20th May 1994 presented to Rev Majery's High Coort of Justice for the Majery's High Coort of Justice for the confirmation of the shore started Company from £3,799£33 or 22,544,892.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registers Backley at the Royal Course of Justice, Strand, London WC2A. 2LL on Wednosday the 29th day of June 1994.

ANY Creditor or Shareholder of the said Company dealing to oppose the making of an Order for the confirmation of the said reduction of the charte premium account should appear at the time of the hearing to person or by Commet for that purpose.

A copy of the said Petition will be furnished to any such person requiring the trute by the undermentioned Solicians on puyment of the regulated charge for the same.

Dust dith 17th day of June 1994

Lovell White Darmet Lovell White Durant 65 (Solborn Vindock London BC1A 2DY

No. 463329 97 1994 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF UNICHEM PLC IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE 18 HEREBY GIVEN that a NOTICE 18 HERGERY GIVEN that a Petition was on 25th fary 1994 presented to Her Majesty's High Court of Justice for the confirmation of the cuscellation of the share premium account of the above-named Company in the sum of 121 202 241 76. of the share premium account of the nbove-named Company in the sum of £17,022,361,76.

AND IT IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Stand, London WCZA 211. on Wednesday 29th June 1994.

ANY Creditor or Shareholder of the Company desiring to oppose the making of an Order for the confirmation of the equellation of the said share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the sald Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated

charge for the same. Dated this 17th day of June 1994 ery Lane, London WC2A 1NF

IN THE HIGH COURT OF PRINCE CHANCERY DIVERDM

IN THE MATTER OF Benefick Heater Group Pic IN THE MATTER OF THE COMPANIES ACT HE NOTICE IS HEREBY GIVEN that a Politic

NOTICE IS MERREDY GIVEN that a Pethion was on 25th May 1934 puretand to Her Maghety's High Coart of Justice for (i) the confirmation of the reduction of the tapinal of the above named Company from £4,200,701.00 to £2,500,000 and (ii) the reduction of the Share Frentains Account of the Company from £16,079,401.78 to £1,562,401.78.

ANO NOTICE IS FURTHER GIVEN that the said Pethion is directed to be beard before Mr. Register Buckley at The Royal Court of Justice, Strand, Loudon, WC2A. 21.L. on Wednesday the 29th day of Justice 1944.

ANY creditor or shoutholder of the said Company desiring to oppose the saiding of m Outer for the confirmation of the said reduction of capital should appear at the liste of hearing in passon or by Comself for the purpose.

A copy of the said Pothion will be furnished to any such passon requiring the same by the under mentioned solicitors on payment of the regulated charge for the cures.

DATED this 14th day of Jame 1994.

Gouldons for the process control Company.

company preferred. Principale only reply to Box No: 82931 Financial Times, One sufferent Bridge, London SE1 SHL

West Midlands.

Owner retiring.

By Robert Corzine in Vienna

Oil prices continued to rally yesterday with the benchmark Brent blend rising above \$17 a barrel for the first time since the and of September last year. It is now about \$4 higher than its low of just under \$13 reached last February.

Analysts say concern about a possible military confrontation on the Korean peninsula triggered off the latest rally, although publication of US statistics confirming continuing domestic supply bottlenecks added to the upward momen-

Another factor underpinning the bullish sentiment included the decision on Wednesday by the Organisation of Petroleum Exporting Countries to cancel its September meeting.

The move was seen as confirmation that Opec is determined to stick to its present production ceiling of 24.52m barrels day until the end of the

Opec yesterday ended its conference in Vienna, with delegates continuing to axpress optimism about prices. One Gulf Arab official thought that by the end of the year prices for Brent could move towards the top of the \$14-\$21 range of

recent years.

But Opec officials also conceded that rising prices could tempt some members to cheat on their quotas, even though all but three - Saudi Arabia, Kuwait and the United Arab Emirates - are producing close to their sustainable capacity. One official said a few Opec members might be able exceed their sustainable capacity for a faw weeks". Bot he predicted that the impact on the market would not be that big.

"They would only damage the fields as well as the price," he

Opec is also considering additional ways to enforce production discipline. Members are presently reviewing a scheme under which persistent over-producers could have their quotas reduced until their average production over a period was brought back into line. Officials say the unused portion of the original quota would not be reallocated among other members.

 Opec yesterday failed to select a permanent successor to Dr Subroto of Indonesia, the outgoing secretary general. Mr Abdalla Salem El-Badri, Lib-yan oil minister and the new Opec president, will assume the secretary-general's duties until November, when member will again try to select a per-

By Our Commodities Satif

Exchange's three months delivery copper price climbed back above the psychologically sig-nificant \$2,400-a-tonne mark while the aluminium market moved towards its next upside

Other LME contracts were also higher, with three months zinc just managing to regain its toe-hold above \$1,000 a tonne and lead equalling its

"The other metals were looking softer, but when copper and aluminium start to go higher, people change their views," one trader told the Reuters news agency.

per price became re-established

COMMODITIES PRICES

and the market's firmness was underpinned by a narrowing in the discount for cash metal. count is known in the trade) against three months metal was reduced from \$18 to \$15.

Aluminium also benefited from a resurgence of speculative buying, which helped the three months position clear the \$1,440-a-tonne level and reach a \$38-month high before running into resistance near \$1,450. At the close it stood at \$1,444.50 a tonne, up \$10.75 on the day and

Traders told Reuters that the recent change in sentiment with voluntary ontput cuts generally expected to start wearing down stocks soon -pointed to upside objectives around \$1,460 being secured before long.

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; \$/troy oz.)

match moves in the LME's major metals, with early losses being negated in the afternoon's general rally. However, there was not enough enthusiasm behind the buying for prices to break significantly

ing the market.

Indian government plans rice export 'thrust'

Kunal Bose on efforts to increase the country's 5 per cent share of the world market

he Indian federal government, assured of comfortable food stocks, has decided to work hand in hand with the trade to promote

the export of rice. Although India has the largest area under rica and it is the second biggest producer of the cereal after China, its share in the current year's projected world trade of 14.5m tonnes of rice will be less than 5 per

According to the All India Rice Exporters Association. however, the country's export earnings from rice should be up to Rs25hn (£524m) by the turn of the century from about Rs12hn in the year to March

The designation of rice as a "thrust export commodity" and the series of measures taken of late by the government to facilitate export make the turn of the century target achievable, say trade sources.

The more important export enabling steps that the govern-ment have recently taken

include the removal of the minimum export price (MEP) for basmati rice (a superfine, extra long aromatic variety), reduction in phases of the MEP for the non-basmati rice to improve its competitiveness in the world market and the abolition of the export quots for the non-basmati varieties.

Meanwhile, the commerce ministry has accepted the suggestion of the exporters' association that an export promotion council for rice should be set up. Its constitution, according to traders, will give a "direction to the growth in Indian rice export. We must know the changing consumer preferences in the traditional and new markets. One of the main tasks of the council will be to disseminate market informa-

tion among the exporters".
India's rice exports grew to
Rs12bn in 1993-94 from
Rs3.52bn in 1987-88 without a proper marketing strategy, But until then India had largely relied upon the export of bas-mati rice, for which its only

significant competitor is Pakis- that this special rice is put into tan. Basmati constitutes less than 10 per cent of the total amount of rice traded in the world market. Of the total about 42m hectares under rice in India, less than 800,000 - in Punjab, Haryana and Uttar Pradesh - are committed to the basmati variety.

ndian production of basmati ranges from 600,000 tonnes to 650,000 tonnes a year. Last year's exports are estimated at 400,000 tonnes, of which 75 per cent went to the

Middle East.
Mr E.A. Siddiq, project director of the Indian Directorate of Rice Research, has sounded a note of caution that in spite of its special attributes, basmati-rice is "becoming less acceptable in the traditional markets and it is often rejected in the western market due to the failure to conform to the quality

He thinks that complaints regarding the quality of bas-mati can be tackled, provided two broad categories based on the grain length - grade one comprising grains 7mm long and above and grade two between 6.5mm and 6.9mm. Traders think it should be

possible to sell larger quantities of basmati in Europe, the US and Canada, which are now small markets. According to the exporters' association, there is scope for promoting long grain basmati in Japan as a "gourmet food". The special Indian rice attracted some good enquiries at the recently held Foodex Japan.

There is a growing consen-sus, however, that increases in Indian rice exports will have to come mainly from the non-basmati varieties, which last year accounted for only about 160,000 tonnes.

According to the exporters' tion in farm and export subsidies and the minimum access opportunities for agricultural products that are envisaged under the General Agreement

on Tariffs and Trade win improve India's rice export prospects. Besides basmati rice, India produces high quality hope grain, medium quality long

grain, short grain and gintinous rice. It is in a position therefore, to exploit a miniper of markets. As for non-basmati rice, the

market that India is targetting specifically, it is in Africa rice is growing and the exporters' association countd. ers that continent to be the "best bet" for Indian rice exporters.

As part of their effort to achieve a bigger share of the world trade in rice. Indian exporters have started making "substantial investment" in rice mills with the state of the art graders, sorters and polishers. Another encouraging development is the entry of his houses like Hindustan Lever and ITC, the Indian associate of BAT Industries, in India's rice export sector.

active

ssion

Copper and aluminium lead base metals back into bull run

matala' bullish bandwagon appeared to be back on course yesterday after Wednesday's setbacks. The London Metal

recent 20 month high.

Once the three months cop-

above \$2,400 fresh speculative buying emerged to maintain it, The "contango" (as the dis-

\$38.25 on the week so far.

The tin market continued to

higher and the three months position closed at \$5,667.50 a tonne, up \$22.50 on the day. Nickel prices had been push-

ing higher from the start of trading, with some fresh buying helping the three months price to break through \$6,400 and reach \$6,500 a tonne at one stage. Chart-based resistance emerged around that level. however, and the price closed at \$6,482.50 a tonne. But that still represented a gain of

Traders explained zinc's relatively lacklustre performance up \$1.50 at \$1,001 a tonne - as a reflection of the heavy stocks burden that is still overhang-

Coffee futures retreat from 7½-year highs

By Our Commodities Staff

Coffee futures surged to fresh 71/2-year highs at the London Commodity Exchange before aurrendering nearly all the

The September delivery position peaked in the morning at \$2,490 a tonne, extending the rally following Wednesday morning's shake-out to \$150. Traders told the Renters news agency that the early gains were in response to a report by the Green Coffee Association of New York showing lower warehouse stocks.

But the trend was not followed up when the New York market opened and London quickly went into retreat. By the close profit-taking and liquidation had trimmed the September price to \$2,395 a tonne, up just \$7 on the day.

said one trader. The excitement went after New York failed to follow us up, and then we just followed them down." The earlier rise had triggered stop-loss buying and prices had leapt in a vacuum, other trad-

ers said. It was a similar story in the cocoa market. Wednesday's strong tone was maintained in early trading and the September price jumped £14 to £1,055 a tonne at one stage. But it ended £6 down at £1,035.

"New York failed to live un to expectations, which also hurt sentiment," said one trader, who added that there was "a fair amount of booksquaring going on". "The market is being ruled by the specs [speculators] and ignoring fundamentals, which are quite bearish," said another.

EU warned on cost of eastern European farm price support

The cost of farm support to help central and eastern European countries join the European Union could amount to nearly Ecuibn (£780m) a year, according to two independent farm experts, reports Reuters from Brussels.

Provision of low farm support prices and creation of "land banks" to provide credit to help private farmers would cost between Ecu500m and Ecu900m a year, Mr Henri Nallet, former French farm minister told a news conference.

"Wa hope the eastern Europeans will finance it themselves," added Mr Adriaan van Stolk, co-author of a report for the European Commission on EU farm trade relations with eastern Europe.
The financing of farm sup-

port measures is expected to be

one of the most difficult issues in negotiations with Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria on their eventual entry into the EU.

Mr Rene Steichan, the EU ericulture commissioner, said on Wednesday that the report reflected only the personal views of the authors.

The European Commission is expected to publish in July a discussion document on measures to narrow the farm policy gap and assist the aventual membership of the eastern European countries.

East European farm support would be based on a wheat price of \$85 a tonne, said Mr van Stolk, a Dutch farm buslness expert. "The clue is to lock in a low support price," he suggested, adding that \$85

would cover "hard core" input and labour costs and allow farmers to compete on tha world market. Mr Nallet said lessons must

be learned from the EU's major error 30 years ago in setting cereals intervention prices 2 per cent above the internal market price.

Price support would be complemented by a simplified systom of fixed levies and refunds on EU farm imports and exports from eastern

Europe. The creation of "land banks" would help tackle the huge problem of inflation and illiquidity in eastern Europe. Mr van Stolk said, "It would help provide liquidity in a very illinuid system" while helping private farmers to build up economically-sized farms.

LONDON METAL EXCHANGE

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Some	8380-80	6480-5
revious	6345-66	6441-5
ligh/low M Official	6353 6363-5	6510/8330
erb close	0.00-0	6446-60 6485-90
pen int.	55,821	
otal delly turnov		
TEN (\$ per tonn		
lose	8585- 9 5	5865-70
revious Igh/low	5560-70	5840-50 5870/5820
M Official	6571-6	5650-5
orb close		5660-5
pen int. otal dally tumov	16,598 er 3,018	
	high grade (5 per	tonnel
lose	975-7	1000-2
revious	974-5	989-1000
igivlow	978	1005.5/981
M Official arb close	978-8.8	1003.5-4 998-9
pen Int.	105,896	690-6
daily turnov	er 21,765	
	so A (S per tonne)	
lose	2402-3	2417-6
revious ligh/low	2377-6	2395-6
M Official	2402 2402.6-3.5	2428/2385 2418-8
Certo cione		2415-7
Pen Int.	221,184	
otal daily turnov	er 45,625	
LME Closine	dat E/\$ rate: 1,52: E/\$ rate: 1,5200	18
	.5180 Smbs:1,5162	
HIGH GRADE	COPPER (COME)	
	3)*E	Open
Clase ch		int Vol
	0.65 111.30 111.00	464 71
		30,603 8,467
₽ 111.50 +	1,80 111,20 110,70 1,00 111,95 110,10	577 8 17,379 4,906
et 110,70 +	1.80	272 41
ov 110.30 +	1.05	203 4
rint .		62,483 15,684
מייים ומ		
MECIOUS	METALS	
LONDON BUIL	LION MARKET	
ices supplied b ild (Troy oz.)	y N M Rothechild)	

Day's High

Gold Coins

397.50-387.90

p/trey ez 363.25 367.60

553.00 558.85 585.10 581.90

£ equiv. 255-257

Loco Ldn Mean Gold Lending Rei

-1.4 387.2 385.3 660 291 -1.4 387.5 -1.5 399.7 389.9 77.501 390.5 -1.5 392.5 390.2 5,164 393.7 -1.5 395.7 393.4 24,87 397.2 -1.4 6,367 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 405.9 -1.6 409.0 405.2 11,989 3,565 408.5 -1.7 412.0 408.0 9,570 2,077 410.8 -1.7 413.0 413.0 1,186 518 412.9 -1.7 413.0 413.0 1,186 518 24,015 5,720 PALLADRUM NYMEX (100 Troy oz.; \$7troy oz.) 138.75 -0.55 - 83 139.25 -0.30 140.50 138.00 3,654 139.45 -0.30 141.80 138.50 618 139.45 -0.30 - 1 **ENERGY** ■ CRUDE OIL NYMEX (42,000 US galls, \$/berrel -0.03 19.95 19.62 53,670 44,464 +0.06 18.18 16.90 89,670 62,455 +0.02 18.76 18.55 58,292 26,622 -0.03 18.33 18.18 24,662 2,450 -0.04 18.25 18.16 34,306 8,861 E CRUDE OIL IPE (\$/barnel 17.06 16.81 25.424 10.841 18.92 18.70 70.029 30.977 18.83 16.87 24.250 5.159 18.78 16.84 10.482 2.032 Any Sep Oct Nev Dec Jan Total HEATING OIL MYMEX (42,000 US galls; c/US galls.)

-		10.23	01.00		-22,707	21,541		IUSLU
Aug	51.25		61 <i>.</i> 45	50.45	22,104	18,049	Apr	148.2
Sep	51.90	+0.20	52.10	51,40	14,450	6.287	May	140.0
Gct	52.80	+0.25	52.90	52.45			Jan.	107.5
Mov	53.80	+0.30	53.80	53.30		1,208	Total	
Dac	54.50	+0.15	54.75		14,918			
Total			-140		128,508		- 140	BGHT (BIFT
					i rapag	01,443	Jan	1278
GA	OIL P	(2) COURSE	d d		_		Jal	1216
	Sett	Bay's			Conn		Aco	1232
		change	Harb	Low	int	Vol	Oct	1299
34		_	-		_		J=	1323
	157.75	+11.25	168,00	154.00	29,884	10,825	ACT	1353
Aug	159.25		159.50	158.00	11,496	15,600	Total	1333
Sep	160.75	+5.50	161.00	167.75	7,979	5.481	100	
Oct	163,50	+5.26	163.50	160.50	7,972	1.371		Close Fr
Nov	165.25	+5.00	165.50	162.50	5.396	730	SFT	1315 1
Dec	167,25	+5.25	167.50	184.25	13.825	908		
Total						21,906		
NA.	URAL (LAS IM	MEX (10,	000 mm	541; \$/m	mBts.)		
	Latest	Day's			Oper			
		change	iligh.	Low	int	Vol		
Jel	2.215	+0.643	2.225	2.180	14,302	16 770		
Aug	2.255	+0.040			16,806	8.680		
Sec		+0.027		2200	11,618		Woo	si .
Cot		+0.025			10,095		Augs	rallen wool
Hor		+0.010			11,236		i chur	noe during t
Dec		+0.002		3 300	14,870	724	finie	hed at 6250
Total	Zaru	70.002	2013	2300	14,070	503	890.	Jepan and
					122,490		to b	e active b
UNI	EADED.	GASO	LINE					China, repo
NYM	EX (42,00	طعم کا (L; 0U\$ ((.alie.)	_			petitora and
	Latest	Day's			Ches			imsrketme on due to
	price	change	Mak	LOW	int	Yel		es the bala
Jel	63.70	-0.15	53.90	53.95	34,408			e considerin
Aug	54.00	-0.20	54.25		27,828	19 660	perh	aps easier p
Sec	53.80			53.50	11,750	2.787		e convinced
Cot		-0.10		E1 E2	4.853	1,201	pers	tet. If China
Bor	50.80					1,20) 340		sales acon
Dec	55.40		SS.70					neal schedu
Total	00.40	-1283	3340	02.15	2,934	291		gelhed a litt
recall'					98,127	20,033		the main t
							ling r	ecovery from

	CDA	UNS	ΔΝΙΓ		C 1	Enc	2	SO	FTS
		EAT LC					,		COAL
_		Sett	Day's			Орес			Set
1	Jen	114,15	+0.66	114,25	Low 113.95	lot 180	Vot 21	Jul	pric 16
5	Sep	101.15	-0.40	102.20	101,25	478		Sep	76
2	Jan	101.80	-0.05	104,40	104,00	1,374	77	Mar	10
4	May	105.20 106.75		105.25 107.50			15 48	Jul	14
	Total					5,153	306	Total	
-		EAT CB	-						ÇOA (
7	Jul Sep	335/2 342/8	-5/2 -4/6	343/0 350/0		111,820 67,080		Jul Sep	1
3	Bec Mar	354/4	-4/4 -5/0	362/0	350/0	113,270		Dec	14
Ö	May	348/0	-7/0	•	-	330	25	May	14
-	Jul Total	330/0	-8/0	340/0	230/0	1,540 307,980	340 82,830	Total	10
8	MA	ZE CBT	(5,000	bu min	centra	7561b bu	shal)	■ c o	COA (
6	Jul Sop	281/6 276/4	+1/6	284/0 Z79/4		442,400° 200,700		Jun 18 Daily	,
4	Dec	2704	-0/8	275/0	267/4	520,050	250,720		
-	Mar	276/4 280/2	-0/8 -0/4	280/4 284/4	278/4	59,485 8,905	3,025		FFEE !
6	Jul Total	261/2	-04	283/6	280/0	17,070 1.265M	3,815	34	23
8		ILEY LC	E (E pe	r tonne)			100,000	Sap	23
5	Sep	99.00	+0.25	99.00	99.00	191	32	عدل	24
3	Jan	99.95 101.50	-0.18	100.00	100.00	340 28	15	May	23
	Mar	103.00 104.00	:	:	:	25	:	Total	
	Total					588	47	34	133.
	au soy	701/4	S CBT (5 -3/6			12/80lb bi 212.540		Sen	134
	Awg	699/2	-2/2	7140	695/0	93,885	40,520	Dec Mar	131. 128.
_	Sop	691/0 880/0	-2/0 -4/2	702/0 884/4		51,000 358,1181		May	127. 128.
	Jan Mar	686/4	-1/0 -3/4	698/4 702/0	662/0	28,940 13,246	5,535 3,500	Total	
5	Total					782,875	550,860	Jan 15	HEE Q
2		ABEAN						Comp. c	
1	Ang	27.84 27.88	+0.03 +0.07	28.20 28,18		19,935 15,525	7,600 3,226	15 day 8	
	Sep Gct	27.80 27.50	+0.05	28.00 27,75	27.J3 27.A2	11,516 7,247	2,404	Jel	12
-	Dec Jan	27.22 27.15	:	27.55 27.40	27.12 27.12	3,186	4,461	Oct Jan	12
	Total			_		84,180		Mear Total	12
		ABEAN						= WH	ITE SU
	Ang Sep	204.3 204.8	-1.4	208.5 208.0	203.0	24,225 18,488	9,398 5,542	Ang	352
	UCZ	204.9 203.6	-14	209.0	203.2 202.0	12,476 6,272	4,958 1,378	Oct Dec	331.
	Dec Jan	203.3	-1.1 -1.8	206.0 206.5	201.5 201.5	19,922	10,472 383	May May	321. 321.
_	Total						\$2,70 1	Ang Total	320.
	POI	ATOES		tonne)				# SUG	AR 1
	Mar	105.0	:	:	:	:		Jul Oct	12.
	Apr May	148.2 140.0	-28	161.5	147.5	746	169	High T	12.4 12.6
	Jan Total	107.5	•	-	-	748	168	May Jul	11.5 11.5
		GHT (BI	FFEQ L	CE (\$1)	0/Index		100	Oct	11.2
	Jan	1278	.	1278	1275	515	4	Total	TON N
-	Jul Any	1216 1232	+11 +18	1217 1230	1205 1220	965 193	66 21	체	80.5
	Oct Jan	1299 1323	+1	1300 1325	1299 1325	493 226	2	Oct Dec	77.5
	Apr	1353	+2 +8	1355	1355	83	1	Na.	77.8
	Total	Close	Pope			2,535	84	May Jul	78.5 78.5
	SFT	1315	1321					Total	
								■ ORA	OO.O
								Sep	83.4
-								Her Jan	95.1 97.2
								Mar May	98.7
								Tutal	100.7
	Wool						[

## 300GAR *11' CSCE (112,000lbs; centa/lbs) ## 12.00 +0.07 12.43 12.29 28.304 ## 12.01 +0.07 12.44 12.33 72.58 ## 12.03 +0.01 12.04 11.97 72.58 ## 12.03 +0.01 12.04 11.97 72.58 ## 12.03 12.75 515 4 ## 11 12.77 12.03 985 66 ## 18 12.00 12.20 183 21 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.57 78.50 0.959 ## 1300 12.99 18.90 78.75 78.50 0.959 ## 1300 12.90 18.90 18.90 18.90 78.75 78.20 804 ## 1301 18.90 18.90 18.90 18.90 18.90 78.75 78.20 804 ## 1302 18.90 18.90 18.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.70 18.90	
1.4 206.5 202.5 24.25 9,388	
1.4 206.5 202.5 24.225 9.386 1.4 208.0 203.2 12.475 4.988 1.1 208.0 203.2 12.475 4.988 1.1 208.0 203.5 1.987 383 86,893 12.701 1.2 208.0 203.5 1.987 383 86,893 12.701 CE (2/torane) 2.8 161.8 147.5 746 169 1.2 27 1276 515 4 1.1 1200 1220 183 21 1.1 1217 1203 965 66 1.1 1217 1203 965 65 1.1 1200 1220 183 21 1.2 1236 1325 1325 226 1 1.2 12 1325 1325 236 1 1.3 1325 1325 236 1 1.3 12 1325 1325 1325 236 1 1.4 1300 12) 20
1.1.4 209.0 203.2 12,475 4,958	
1.1.4 207.5 202.0 6,272 1,379 1.1. 208.0 201.5 19,92 10,472 1.1. 208.0 201.5 19,92 10,472 1.1. 208.0 201.5 19,92 10,472 1.1. 208.5 201.5 1,567 383 180,893 32,701 CE (2/tourne) 2.1. 208.5 201.5 1,567 383 180,893 32,00 -3.20 320.40 320.30 220 201 Aug 320.00 -3.20 320.40 320.30 220 202 203 Aug 320.00 -3.20 320.40 320.30 220 203 Aug 320.00 -3.20 320.40 320.30 220 204 104 11 2.40 +0.07 12.43 12.29 28,364 11 2.40 +0.07 12.43 12.29 28,364 11 2.40 +0.07 12.41 12.23 73,301 11.95 +0.01 12.01 11.95 42.47 11.97 11.99 +0.01 12.01 11.95 42.47 11.97 11.99 +0.01 12.01 11.95 42.47 11.97 12.05 995 55 11 12.07 12.09 995 55 11 12.07 12.09 995 55 12 12.25 1325 228 1 13 13 13 13 13 13 13 13 13 13 13 13 13 1	
1.1 208.0 201.5 19.922 10.472 1.8 206.5 201.5 1.597 383 88,893 32.701 CE (2/tourne) 32.80 32.701 32.80 32.701 32.80 32.701 32.80 32.00 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.00 12.40 11.20 11.20 12.20 12.20 32.198 32.000 -3.30 320.40 320.30 221.90 32.198 32.000 -3.30 320.40 320.30 221.90 22.198 32.000 -3.30 320.40 320.30 221.90 32.198 32.000 -3.30 320.40 320.30 221.90 32.198 32.000 -3.30 320.40 320.30 22.198 32.000 -3.00 12.40 11.20 11	
1.8 206.5 201.5 1,507 383 80,603 32,701 201.3 320.00 201 22,108 20.00 32,000 32,000 320.00 201 22,108 20.00 320.00 320.00 201 22,108 20.00 320.00 320.00 20.00 20.108 20.1	
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## SUGAR **11' CSCE (112,000fbs; cents/fbs) ## SUGAR **11' CSCE (112,000fbs; cents/fbs) ## 12.03 +0.07 12.43 12.29 28,364 ## 12.03 +0.07 12.44 12.33 73,301 ## 12.03 +0.07 12.04 11.87 27,258 ## 12.03 +0.07 12.04 11.87 27,258 ## 12.03 +0.07 11.04 11.87 1	
## 300GAR *11' CSCE (112,000lbs; centa/lbs) ## 12.00 +0.07 12.43 12.29 28.304 ## 12.01 +0.07 12.44 12.33 72.58 ## 12.03 +0.01 12.04 11.97 72.58 ## 12.03 +0.01 12.04 11.97 72.58 ## 12.03 12.75 515 4 ## 11 12.77 12.03 985 66 ## 18 12.00 12.20 183 21 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.55 77.53 6.959 ## 1300 12.99 489 2 0ct 77.86 +0.05 78.57 78.50 0.959 ## 1300 12.99 18.90 78.75 78.50 0.959 ## 1300 12.90 18.90 18.90 18.90 78.75 78.20 804 ## 1301 18.90 18.90 18.90 18.90 18.90 78.75 78.20 804 ## 1302 18.90 18.90 18.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.90 18.90 18.90 78.70 18.90	96
2.8 161.8 147.5 748 169 100 1 12.40 +0.07 12.43 12.29 28.304 100 1 12.40 +0.01 12.04 11.97 27.838 100 1 11.99 +0.01 12.01 11.95 4.27 100 1 11.99 +0.01 12.01 11.95 4.27 100 1 11.97 +0.07 11.94 11.94 11.94 1.671 100 1 11.97 +0.07 11.94 11.94 11.94 1.671 100 1 11.97 +0.07 11.94 11.94 11.94 1.671 100 1 11.97 +0.07 11.94 11.94 11.94 1.671 100 1 11.97 +0.07 11.94 11.94 11.94 1.671 100 1 11.97 +0.07 11.97 11.97 905 100 1 11.97 +0.07 11.97 11.97 905 100 1 12.00 193 21 1.98 905 101 1 12.01 12.01 13.3 21 1.98 905 101 1 12.01 12.01 13.3 21 1.98 905 101 1 12.01 12.01 13.3 21 1.98 905 102 1 12.01 13.3 21 1.98 905 103 1 12.01 11.97 11.97 905 101 1 12.01 12.01 11.97 11.97 905 101 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 101 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 11.97 905 102 1 12.01 11.97 12.01 11.97 11.97 905 102 1 12.01 11.97 12.01 11.97 12.01 11.97 12.02 90.00 12.99 90.00 82.	}
Test 12.03 +0.01 12.04 11.97 27.836	
### 199 +0.01 12.01 11.95 4.247 #### 11.02	
### 1980 Jul 11.95 +0.07 11.94 11.97 10.55	
### 1.27 1275 515 4 13 1277 1205 965 65 18 1230 1220 183 21 191 190 193 22 193 21 194	
1276 1275 515 4 +11 1217 1205 985 56 +18 1220 1220 183 21 +1 1300 1220 183 21 +1 1300 1220 183 21 +1 1300 1220 183 21 +1 1300 1220 183 21 +1 1300 1299 483 2 +2 1325 1325 228 1 +8 1385 1355 83 1 Her 77,80 +0.65 78.55 77.55 6.99 98.80 180 78.90 +0.17 77.25 76.60 29.968 Her 77,80 +0.25 78.40 78.10 1,865 Her 77,80 +0.25 78.40 78.10 1,865 Her 77,80 +0.25 78.40 78.10 1,865 Her 78,90 +0.25 78.10 78.50 29.968 Her 78,90 +0.25 78.15 77.25 3.617 Her 78,90 +0.27 78.15 77.25 76.60 29.968 Her 78,90 +0.25 78.15 77.25 3.617 Her 78,90 +0.27 78.15 77.25 76.60 29.968 Her 78,90 +0.25 78.15 77.25 3.617 Her 78,90 +0.27 78.15 77.25 76.60 29.968 Her 78,90 +0.25 78.15 77.55 76.50 29.968 Her 78,90 +0.25 78.15 77.55	
- 1278 1275 515 4 +11 1217 1225 985 68 +18 1230 1220 183 21 +18 1230 1229 493 2 +2 1325 1325 226 1 +8 1335 1355 23 1 Her 77,90 +0.17 77.25 78.60 29.98 18 1335 1355 33 1 Her 77,90 +0.17 77.25 78.40 29.98 18 1335 1355 33 1 Her 77,90 +0.22 78.15 77.55 8.99 18 78.95 +0.06 78.75 78.40 78.10 1,865 18 0RANGE_RUICE NYCE (15,000tbs; centerfor 18 0RANGE_RUICE NYCE (15,000tbs; centerfor 18 0RANGE_RUICE NYCE (15,000tbs; centerfor 19 prices wereagain firm with little the week. The market indicator circle, just Sc lower then a week develor. But an added influence corted to be among the leading described to be among t	
+11 1217 1205 965 66 +18 1230 1220 183 21 +1 1300 1299 493 2 6ct 77.66 +0.63 61.93 80.40 4_273 +2 1325 1325 228 1 8ec 76.90 +0.17 77.25 76.00 25.966 +18 1335 1335 83 1 May 78.20 +0.22 78.15 77.55 3,617 +8 1335 1335 83 1 May 78.20 +0.25 78.40 78.10 1,865	Idate
+18 1220 1220 193 21 All 98.55 +0.63 61.50 88.00 4.273 +1 1300 1299 493 2 6ct 77.86 +0.65 78.55 77.55 8.559 +8 1335 1355 83 1 Mar 77.90 +0.27 78.15 77.55 3.617 **New 1321 **Total Mary 78.20 +0.25 78.47 78.10 1,865 78.87 78.20 98.90 98.00 78.75 78.20 98.90 98.00 78.75 78.20 98.90 98.00 78.85 51,444 **More 1321 **More 1322	
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otal					72,361	15,743	Total					27,813	4,540
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Jun 40.925 +0.675	49.100 45.11	0 1,222	
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Feb 44,175 - A Total III PORK BELLIES CM	14.000 44.10	27,813	-
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Tetal		8,565	3,142
LONDON TRA Strike price \$ torme			
(98.7%) LME	Aug No 78 11	Aug 1 17	Nov 32
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CRUDE OIL FOR (par			or 2
Dubal Brent Blend (dated) Brent Blend (Aug) W.T.I. (1pm est)	\$15.84-5. \$16.83-6 \$16.83-6 \$16.91-8.	72q +0 1.85 +0 1.85 +0	or- 5 196 175 5
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Dubal Brent Blend (dated) Brent Blend (dated) Brent Blend (Aug) W.T.L (Ipm est) II OIL PRODUCTS NWE Pramium Gesoline Gas Of Heavy Fuel OI Nachthe Jet Fuel Patroleum Argus Estimates II OTHER Gold (per troy oz) II	\$15.64-5. \$16.83-6. \$16.93-6. \$18.91-8. Eprompt dell \$186-11. \$157-11. \$157-11. \$168-11.	72q +0 185 +0 185 +0 185 +0 187 +0	196 175 175 20 000 3.0 3.0 8.6
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Dubal Brent Blend (dated) Brent Blend (dated) Brent Blend (Aug) W.T.L (Ipm est) II OIL PRODUCTS NWE Premium Gasofine Gas Of Heavy Fuel OI Naphthe Jet Fuel Patinum (per Broy ca) Bother (per troy ca) Patinum (per troy ca)	\$15.84-5. \$16.83-6. \$18.91-8. \$18.91-1. \$18.91-1. \$189-1. \$168	72q +0,85 +0,85 +0,85 +0,85 +0,85 +0,85 +0,85 +0,87 +1,87 +0	196 1.175 1.175 2.000 8.0 8.0 8.6 8.6 8.6 8.6 8.6 8.6 8.6 8.6 8.6 8.6
Dubal Brent Blend (dated) Brent Blend (dated) Brent Blend (Aug) W.T.L (Ipm est) III OIL PRODUCTS NWE Premium Gasofine Gas Of Heavy Fuel OI Naphtha Jot Fuel Patinum (per Broy ca) Stiver (per troy ca) Patinum (per troy ca) Tin (suels Lumpur) Tin see (void) Lon. day sugar (wel) Lon. day sugar (wel) Lon. day sugar (wel) Lon. day sugar (wel) Malza (US No3 Yellow) Wheat (US Dark North) Aubber (Juß) Rubber (Juß) Rubber (Juß) Public (Juß) Rubber (Juß) Palm CB (Molay,) Cooprat (Phil) Polm CB (Molay,) Coprat (Phil) Polm CB (Molay,) Coprat (Phil)	\$15.84-5. \$16.83-6. \$18.91-8. \$18.91-1. \$18.91-1. \$18.91-1. \$18-1. \$16	72q +0 (85 +0 (8	196 1.175 1.175 2.0000 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 8.6 3.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9
Dubal Brent Blend (dated) Brent Blend (dated) Brent Blend (Aug) W.T.L (Ipm est) III OIL PRODUCTS NWE Premium Gesofine Gas Oit Heavy Fuel OI Nechths Jet Fuel Peroleum Argue Estimates III OTHER! Gold (per troy oz) Patinum (per troy oz) Patinum (per troy oz) Patinum (per troy oz) Patinum (per troy oz) Tin (Suste Lumpur) Tin (US prod.) Lead (US prod.) Lead (US prod.) Lead (US prod.) Tin (Suste Lumpur) Tin (New York) Zinc (US Prims W.) Cattle (twe weight) Sheep (twe weight) Lon. day sugar (whe) Tinte & Lyle supor: Berley (Eng. feed) Malza (US No3 Yellow) Wheat (US Dark North) Aubber (Jugit) Rubber (Augit) Rubber (Augit) Rubber (Augit) Palm Oil (Malza) Pelm Oil (Malza)	\$15.64-5. \$16.83-6. \$16.83-6. \$18.91-8. \$18.91	72q +0.055 +0.05	196 1.175 2.1775 2.1775 2.1775 2.000 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 8.5 3.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9.0 9
Dubal Brent Blend (dated) Brent Blend (dated) Brent Blend (Aug) W.T.L (Ipm est) III OIL PRODUCTS NWE Premium Gesofine Gas Oit Heavy Fuel OI Nechths Jet Fuel Peroleum Argue Estimates III OTHER Gold (per troy oz) Patinum	\$15.64-5. \$16.83-6. \$16.83-6. \$16.83-6. \$16.83-6. \$16.83-6. \$16.83-6. \$16.83-6. \$18.91-6. \$18.91-1. \$18.91	72q +0 1855 +0 1855 +0 1855 +0 1877 +1 1878 +1 1879	196 1.175 1.175 2.000 1.175 2.000 1.18 2.00 2.50 2.50 2.50 2.50 2.50 2.50 2.50

CROSSWORD

No.8,482 Set by DOGBERRY

1 Religion receives a light blow from missile launcher (8) 5 Hype's about to create a mythic figure (6) (8) 8 The whole is about to come into being (8) 11 Betray egocentric discourse 9 Suppose the beast comes round to the point (8)

10 Start to enter into the kingdom of the world (6) 15 Loveless couple with vague idea of moment (9) 17 Drunk oriental in Morec 12 Epic sport in poor light, almost (9) 13 One loth to pay for immacunot easily apprehended (8) Fodder contaminated by river 18 Fodder conta

late motorway services? (5)

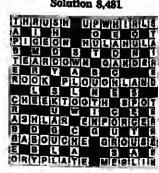
14 Deferral of support (4)

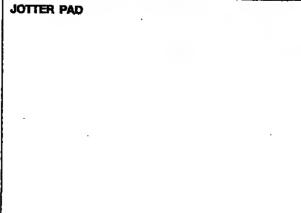
16 Sharp officer in boat (7)

19 Bribe with came! (7) of wasts (a)
20 Army entertainer (4)
21 Disease makes Irish jump,
though looking well (7)
22 Be left with graduate in 21 Principal part of element (4) 24 Parasite takes in right fool (5) 25 Replace material, swallowing charge (6)
23 Use net, perhaps, to share alien idol (6) by the second (9)
27 I adore getting a man to shift 26 What's left of Catholic priest

gear (6) 28 Vegetable fuel, say? Not quite mad (8) 29 Ministers work on volume before close of day (6) 30 Cathy and Heathcliff initially in passionate bloom (8)

1 Reform copper (6) 2 Drink put on slate - keep very quiet (6) 3 Something to eat after one (5) 4 Draw many of Tarka's ilk? (7) 8 Doleful cry raised by male accountant in Spain (9)





LONDON STOCK EXCHANGE

Early losses reduced in modest trading volume

UK Stock Market Editor

Shares reacted nervously in London yesterday to a warning on interest rates from the Governor of the Bank of England and also to renewed losses in bond markets following sharp rises in oil and commodity prices. But there was little selling pressure in the stock market, which stood up well to the new setback in UK government bonds.

Neither the UK chancellor of the exchequer nor the Bank Governor had given the stock market much encouragement in their respective speeches on the previous evening at the Mansion House, in the City of

But traders said that the day's fall of 15.7 for a final reading on the FT-SE 100 Index of 3,030.1 appeared

"quite good in the circumstances". Equities opened lower as traders digested the chancellor's assurances that taxes will not be cut until public borrowing levels permit, and the Governor's warning that UK interest rates will have to rise at some imspecified moment in the future.

The FT-SE 100 was down just over 20 points within a few minutes of the official opening of trading. albeit in very thin volume. At first, it appeared that confidence in the stock market would be severely challenged by falls in UK gilts as European bonds reacted sharply to the weakness overnight in US Federal securities

A crude oil price of nearly \$20 a barrel in the US, together with a higher gold bullion price, reminded investors that the US Federal Reserve Board has identified com-

gains through the session, clos-

ing 6 up at 635p. Some of the

the market, continuing to

nurse a hangover from British

Gas, which fell heavily on

Wednesday after reacting nega-

tively to the industry regula-

Gas shares slid a further 3 to

tor's latest move on pricing.

268%p. Elsewhere among the

recs, East Midland bounced 13 to 592p, Manweb declined 7 to

683p and Midlands edged up 3

dull, with dealers reporting a

few large sellers in the wake of

results from Thames on

Wednesday. The company

reported large provisions for

Water stocks were largely

to 582n.

recs" trailed back with

Account Dealing Dates Jun 20 Option Decien Jun 30 **Jul** 14 Já 15 Jul 11 Jul 25 "New time dealings may take place from her business days earlier.

modity prices as a significant inflation trigger. Some bond market analysts predicted that the Fed might soon feel obliged to tighten credit policy again.

Against this negative backround, the stock market did well to rally quickly from the day's low of 3,025.4 on the Footsie and to trade peaceably ahead of the opening of the new session in New York. Little response was accorded to

its non-core businesses and it

was fear that other water com-

panies may make similar moves which provoked some

aelling. In contrast, analysts

pronounced themselves pleased with results from

Southern, which produced a

good dividend increase and an

unbeat trading statement. But

the sector weakness meant

Southern's initial rise was

turned into a 5 deficit at 513p by the close. Thames eased 2 to

A steep rise in profits from £38.7m to £95.2m at Smith New

turnover of 4m.

Smith advances

moming, traded in a tight

8p in another day's heavy

news that domestic retail sales patterns were unchanged in May, or in a rise in May Public Sector Borrowing Requirement to £4.34bn.

When the Dow Industrial Average opened modestly firmer, to show a gain of 10 points in UK hours, the London market consolidated and appeared unaffected by renewed uncertainty in US Federal bonds, or by the absence of recovery in domestic gilts.

in the wider market, the FT-SE Mid 250 Index finished 25.5 down at 3,534.2. Oil shares benefited from higher crude prices, with Lasmo firmer in late trading in spite of a generally negative view of prospects for the increased terms from Enterprise Oil. The utility sector, however, remained rattled following the warning on dividend policy from British Gas in the wake of

Court saw the shares advance

4 to 373p. Analysts were impressed by the stockhroking

firm's increasingly interna-

tional business. Mr Chris

Smith at James Capel called it

"a very well-balanced set of

results; the quality of earnings

is going up and it is now more

of an investment than a punt on the market". He forecast

the current year at or slightly

below yesterday'a figures, with

earnings of between 50p to 60p per share.

Smith was likely to extend its

product range and market

he expected to upgrade his

"pretty conservative estimate"

TRADING VOLUME

M Major Stocks Yesterday

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British Steel?
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Caten & Wiref
Cacousy Schwepp
Ceresion?
Certion Comms.†
Costs Wyeller;
Costs Wyeller;
Comms. Union?

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share in the current year, and

Mr Philip Gibbs at BZW said

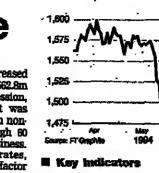
Although Seaq volume increased to 610.1m shares from the 562.8m registered in the previous session, traders said that the market was not busy yesterday. Trading in non-Footsie stocks made up a high 60 per cent of overall Seag business. The warning on interest rates, while not presenting any new factor for the market, encouraged fund managers to back away from equities while still waiting for the bond market to settle down. Some analysts said that equities had yesterday shown themselves successfully freed from bond market influence Retail business remained high at

£1.56bm on Wednesday, in spite of

the reduced market attendance

prompted by a national rail strike. Many traders sensed that retail

business had fallen away yesterday.

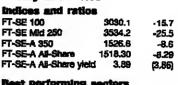


FT-SE-A All-Share index

1 Retailers, Food 2 Oil, Integrated

Oil Exploration

Printing, Pager



FT Ordinary index FT-SE-A Non Fins p/e (19.29)FT-SE100Fut Jun 3025.5 10 yr Gilt yield (8.59)

Equity Shares Traded

1,000 800

600

400

Turnover by volume (million), Excluding: Intra-market business and overseas turnover

Building Mats ... Extractive Inds . Building & Cons . Engineering, Vehicles

price support

Est tivite.

in active session

Utilities

Water and electricity sectors continued to be buoyed and buffeted in equal measure by recent results and regulatory moves. South Wales Electricity, the latest to report figures. saw profits come in at the top end of market forecasts and its dividend fully meet

The shares shot forward on

the news and sustained the EQUITY FUTURES AND OPTIONS TRADING

Nervous trading following a Bank of England warning on interest rates marked the last full day of dealings in the

current index futures and share

options contracts, writes Joel Kibazo. In Liffe futures, tha June

contract on the FT-SE 100, which will cease trading this

Day's Year Jun 16 chge% Jun 15 Jun 14 Jun 13 ego

-0.5 3045.8 3039.8 3018.3 2875.7 -0.7 3559.7 3578.7 3695.8 3213.5

-0.5 3560.8 3584.4 3603.8 3225.8 -0.6 1636.4 1534.9 1527.6 1436.0 -0.6 1857.8 1859.2 3 1861.73 1631.00 -0.2 1833.94 1836.94 1836.81 1844.23 -0.5 1526.59 1526.23 1519.85 1420.99

-2.6 1875.72 1883.79 1820.22 1672.90 -0.3 2406.96 2417.96 2423.50 223.80 -1.0 1975.61 1966.52 1961.84 1826.70 +0.1 2007.63 1897.20 2013.80 2037.20 -1.3 1824.13 1888.17 1836.22 1563.30 -1.4 2301.77 2307.78 2310.03 1744.30 -2786.73 2784.99 2752.26 2325.20 -0.5 1786.72 1786.57 1785.05 1968.30

-1,1 2300.64 2324,87 2315,78 2063.80 -0.6 1196,27 1184,07 1190,10 1235.00

Day's Year Div. Eem P/E Xd edj. Total Jun 18 chge#s Jun 18 Jun 14 Jun 13 ago yiekt% yiekt% ratio yitd Resum

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-1.1 1970.33 1974.47 1978.87 1765.70 3.57 4.57 27.23 29.29 981.35 -1.5 1171.19 1183.57 1197.47 1058.40 3.24 4.26 30.39 15.62 865.23 -2.6 1875.72 1888.79 1920.22 1672.80 4.01 4.29 29.46 30.23 850.07 -0.3 2406.96 2417.65 2426.50 2235.03 3.87 4.05 31.86 42.2 1653.07 4.01 12007.63 1997.20 2013.80 2037.20 3.66 4.67 27.21 33.46 967.67 4.01 2007.63 1997.20 2013.80 2037.20 3.66 4.67 27.21 33.46 967.67 4.01 2007.63 1997.20 2013.80 2037.20 3.66 4.67 29.33 21.02 1018.20 -1.3 1824.13 1888.17 1836.22 1653.30 3.06 4.17 29.33 21.02 1018.20 -1.4 2301.77 2307.78 2310.03 1744.30 4.61 22.6 60.84 32.88 1085.66 2766.73 2784.69 2752.26 2325.20 3.00 5.12 23.13 97.63 1087.62 -0.6 1785.72 1789.67 1785.06 1908.30 4.02 6.74 22.48 28.46 982.77

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12.00 13.00 14.00 15.00 16.16 High/day Low/day

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1518.30 -0.5 1526.69 1626.23 1519.65 1420.99 3.89 6.42 18.65 22.77 1179.72

4.60

2.30 80.00† 5.91 1005.88

M FT-8	E 100 INDEX	FUTURES (LIFFE) 225	per full in	dex point		(Al
	Open	Sett price	Change	High	Low	Est. voi	Open Ir
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Sep	9027.0	3035.0	-19.0	3045.0	3024.0	12518	39963
Dec		3045.5	-18.5	-		6	762
M FT-8	E MID 260 IN	DEX PUTUR	NES (LIFFE	216 per f	al Index po	int	,
Jun	3540.0	3540.Q	-18.6	3540.0	3540.0	684	2617
Seo	3562.0	3552 0	-18.0	3552.0	3552.0	634	3000
M FT-8E	MID 250 IN	DEX FUTUR	ES (OMLX				
ken		3595.0		_			724

FT - SE Actuaries Share Indices

FT-SE 100

FT-SE-A 350

FT-SE Mid 250 FT-SE Mid 250 ex bry Tri

FT-SE-A ALL-SHARE

FT-SE SmellCap ex law Trusts

12 Edractive Industries(4) 15 Oil, integrated(3) 16 Oil Exploration & Proci(11)

20 GEN MANUFACTURERS(262) 21 Building & Construction(31) 22 Building Matts & Merchs(31)

23 Chemicals(21) 24 Otversified industrials(16) 25 Electronic & Elect Equip(34)

28 Printing, Paper 5 Pckg(25) 29 Textiles & Append(20)

30 CONSUMER GOODSISS

40 SERVICERIZZO

60 UTILUTES(DG)

70 FINANCIALS(102)

E FT-SE Actuaries Alf-Share

Code 4.834 Puts 9.885

M EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) 210 per full index point 160½ ½ 100½ ½ 51½ 1 8½ 8 1 49½ ½ 59½ ½ 140½ ½ 130% 160½ 13 125½ 22 90 36 60½ 56½ 39 84 22 117½ 12 157 5½ 200½ 161½ 44½ 90 82 46 137 1942 20 168 59½ 100 99 63 152 32½ 220 200½ 92 150 130 103½ 161 68½ 243½

M EURO STYLE FT-SE MID 250 INDEX OPTION (OMCX) 210 per full index point 3500 3550 3600 35 1 4 20¹2 ¹2 56¹2 3650 3700 3750 3800

1518.30

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2147.49 2798.07 1219.06

1514.89

range of around 10 points for most of the session. Having opened at 3,015, it touched a low of 3,012 and a high of 3,034, although most of the day's trading was carried out around the 3,025 level. Dealers continued to roll positions forward into the

September contract, which assumes the market leader position after today's mid-morning explry. The to have had a less than usual impact on trading. The June contract closed

at 3,025, down 17 from its previous close and at a 4-point discount to cash. Voluma in June was a hefty 21,111 lots, and some 12,516 were dealt In the September contract. In traded options, which today see the explry of the

June index options, total volume was 35,783, against 33,182 in the previous day. The FT-SE 100 option traded 15,100 contracts. Argyll was the busiest stock option with 3,260 lots dealt, but the single biggest trada was carried out in Pilkington, one house selling

8.86 5.82 6.62 3.86 4.24 8.42

Continued to 1 Contin	Codeson Contactes	1,500	257
Smid Becchamt Smid Smid Smidh Smid	Delgety De La Rust	113	410 681
Smid Becchamt Smid Smid Smidh Smid	Sestem Back.	900 800	191 585
Smid Becchamt Smid Smid Smidh Smid	Eng China Clays Enterorise OST	489 2,900	390
Smid Becchamt Smid Smid Smidh Smid	Eurotarial Units	584 9,100	303 103 ¹ 2
Smid Becchamt Smid Smid Smidh Smid	Foreign & Cal. LT.	2,100 940	144
Smid Becchamt Smid Smid Smidh Smid	Con. Accident	900	550
Smid Becchamt Smid Smid Smidh Smid	Cymod. Cymod.	5,600	579
Smid Becchamt Smid Smid Smidh Smid	Grand Mot.†	1,900	529 421
Smid Becchamt Smid Smid Smidh Smid	QUST GRET	820 1,500	673 178
Smid Becchamt Smid Smid Smidh Smid	GKN Guttness†	1,300	584 468
Smid Becchamt Smid Smid Smidh Smid	Hammerson Hammerson	1,900	346
Smid Becchamt Smid Smid Smidh Smid	Heristan Crosteid	728	155
Smid Becchamt Smid Smid Smidh Smid	Hillactown	4,200	162 206 ¹ 2
Smid Becchamt Smid Smid Smidh Smid	Inchesper	5,100	777 461
Smid Becchamt Smid Smid Smidh Smid	Kingfisher†	1,400	802
Smid Becchamt Smid Smid Smidh Smid	Lactbroket Land Securitors	1,500	184 625
Smid Becchamt Smid Smid Smidh Smid	Legal & General†	380	748 436
Smid Becchamt Smid Smid Smidh Smid	Lloyde Abbey Lloyde Burk(1,700	568
Smid Becchamt Smid Smid Smidh Smid	London Elect.	667	570
Smid Becchamt Smid Smid Smidh Smid	Lucie MEPC†	2,000	178
Smid Becchamt Smid Smid Smidh Smid	Manweb	783	148
Smid Becchamt Smid Smid Smidh Smid	Marien & Spencer† Miclands Bect.	2,100 418	410 ¹ 2 582
Smid Becchamt Smid Smid Smidh Smid	Morrison (Will.) NFC†	2,700	191
Smid Becchamt Smid Smid Smidh Smid	National Power*	1,900	2672
Smid Becchamt Smid Smid Smidh Smid	North West Water† Northern (Sect.	838 539	483 669
Smid Becchamt Smid Smid Smidh Smid	Northern Foods†	389 518	217 834
Smid Becchamt Smid Smid Smidh Smid	PAOT	305	628 1766
Smid Becchamt Smid Smid Smidh Smid	PowerGent Prusinger	4,100	483 290
Smid Becchamt Smid Smid Smidh Smid	RIZ	1,400	812 957
Smid Becchamt Smid Smid Smidh Smid	Renk Org.†	3,180	397 507
Smid Becchamt Smid Smid Smidh Smid	Reciency Recient	2,200 1,500	470 815
Smid Becchamt Smid Smid Smidh Smid	Restorer	1,900	215 468
Smid Becchamt Smid Smid Smidh Smid	Rolls RoyceT Ryl Bk Sociano	7,100 4,500	422
Smid Becchamt Smid Smid Smidh Smid	Sainebury† Schroders	2,500	403 1193
Smid Becchamt Smid Smid Smidh Smid	Scottish & New.† Spot. Hydro-Elect.	705	518 344
Smid Becchamt Smid Smid Smidh Smid	Secret	4,000	119
Smid Becchamt Smid Smid Smidh Smid	Seeboard Seeboard	1,100	332
Smid Becchamt Smid Smid Smidh Smid	Shall Transport	4,000	714 548
Smid Becchamt Smid Smid Smidh Smid	Stough Esta Smith (WLH) A	692 600	237 487
South West Water 485 State	Smith & Nepheert Smit Beechamt	745 3,800	150 ³ 2 417
South West Water 485 State	Smith Inds.	6,100 876	375 456
Stansburger Creame. 7 3,401 277 Stansburger 344 213 Sun Allement 7 324 213 Sun Allement 7 329 TI Group 7 625 324 TI Group 7 625 324 Tigen 7 1250 124 Tigen 8 1250 124 Tigen 8 1250 124 Tigen 8 1250 124 Tigen 8 1250 125 Tigen 8 1250 125 Tigen 8 1250 125 Tigen 8	South White Best	174	635
Stansburger Creame. 7 3,401 277 Stansburger 344 213 Sun Allement 7 324 213 Sun Allement 7 329 TI Group 7 625 324 TI Group 7 625 324 Tigen 7 1250 124 Tigen 8 1250 124 Tigen 8 1250 124 Tigen 8 1250 124 Tigen 8 1250 125 Tigen 8 1250 125 Tigen 8 1250 125 Tigen 8	South West, Flore.	9271 9271	806 606
1,703 314 314 314 315 316 31		3,400	277
Teamine Water 4,000 257	Sun Allemon†	1,700	314 236
Teamine Water 4,000 257	TI Group†	8,500	
Teamine Water 4,000 257	Temec† Tale & Lyle	2,600 320	141 406
Tomings House 3,400 222 125		4,800	224
Lindgram 1885 301 1885 301 1885 301 1885 301 3	Thorn Bart	923	1084 220
Christed Eleculary 1,500 1000 1,500	Trafalger House	2,900	87 381
Western Wider 22 550 Whitement Hidge 2,800 550	United Hendrift	477	1008
Western Wider 22 550 Whitement Hidge 2,800 550	Ltd. Newspapers Vodebnet	319 2,400	613 696
Western Wider 22 550 Whitement Hidge 2,800 550	Wellcomen	1,100	720 630
Yorkshire Elec. 500 667 Yorkshire Water 1,200 488 Zamecar† 1,200 724		1,300	600
Yorkshire Elec. 500 667 Yorkshire Water 1,200 488 Zamecar† 1,200 724	Whitems Heigs.†	949 2,800	352
Yorkshire Elec. 500 667 Yorkshire Water 1,200 488 Zamecar† 1,200 724	Willia Compon	8,700 1,200	700
Zenecat 1,200 724 Resed on hading spisme for a selection of	Yorkshire Beck. Yorkshire White	1 200	567 488
	Zenece† Besed on tracker water	1,200	724 electron <i>e</i>

for current year profit of £90m. Turnover in Royal Insurance, up 5 to 260p, was higher than average at 3.3m. The volume was partly due to switching from Sun Alliance, which dropped 12 to 314p on profittaking after its 12 per cent outperformance in the past fortnight, but was also due to news that Lloyds of London had won a US industrial pollution case. Royal insurance has one of the largest exposures to

pollution damage claims. Further consideration of yesterday's good results from C.E. Heath boosted the shares 12 to 2520, but accompanying takeover rumours were described as "wide of the mark" by Nat-West Securities' Mr Tony Silverman. Bradstock Group'a 5 per cent profits increase left the shares unchanged at 114p. A profits warning from mer

chant bank Rea Brothers pushed it down 13 to 62p, Royal Bank of Scotland bucked the market trend, rising 12 to 422p after a buy note from Credit Lyonnais Laing. Mr Martin Hughes anid the bank offered excellent prospects not shown by other banks, with growth expected in business and dividends, Abbey National dipped 5 to 422p, with NatWest Securities rumoured to be negative but Goldman Sachs rumoured positive. Other banks eased back from

yesterday's gains. The recovery in the oil price boosted oil giant BP, offsetting recent concern that the ban on the export of Alaska crude may not be lifted following objections in the US Congress. The

NEW HIGHS AND LOWS FOR 1994

LOWS FOR 1994

REW HERME (P.S.
BANKE (I) TOYO THE & BIG. BREWEINES (I)
HOL (J.) BULDING A CHETTIM (I) KAJIMA.

DISTRIBUTIORS (S) DIMPROPRIED BIGLE II)
Western, BLECTRING & BLECT BOUP (I)
Devinet A, BING, VIPPICLES (I) BOSTOM,
EXTRACTIVE RIDS (F) HOUSENOLI BOODE
(I) HOGG, INVESTMENT TRUSTS (I) MEDIA (I)
DOING RINGERISEN, METO RICHO, OIL,
MITERSATED (I) Mobl, OTHER FRANCIAL (I)
OTHER SERVE & BUSINS (I) PRITING, PAPER &
PAGGO (I) Touley RODO, RETAILERS,
GENERAL (S) Austin Rend, Pranch Connection,
LOUTH, SUPPORT SERVE (I) Admins,
Marpower, TEXTLESS & APPAREL (I) Wensum,
SOUTH AFFICANS (I).

NEW LOWS (229,
OILTS (R) OTHER PADED DITERRIST (I) BANKS
(I) NORA, CHARLES, REMEMBRINE (I) AGOL,
FOSSON, Green King, BULLDING & CONSTRIN
(IT) RIDO MATLE & MICHTS (IT) CHEMICALS
(I) SCOR, DISTRIBUTIONS (I) GENERALS
(II) SCOR, DISTRIBUTIONS (II) AND MAINS
(II) SCOR, DISTRIBUTIONS (II) AND MAINS
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(II) SCOR, DISTRIBUTIONS (III) AND MAINS
(III) AND

Harrisone & Crosleki, Lonrico, Pacific Dunico ELECTRNC & BLECT SOUP (2) Southern Business, Voice, ENG/NECRING (22) ENG, ELECTRICA & ELECT COUP (I) Southern Ensirem, Voice, ENGRIBATIBAD (2) ENQ, VEHICLES (I) Deirier-Banz, EDTRAGTIVE BADS (B) FOOD MARIF (B) Albert Fisher, Associate, Fit. Foods, Avonnors A, Cachury Schweppes, Deigniy, Usbome, HEALTH CARE (S) Neasor -BNA, United Drug, HOUSEHOLD GOODS (6) Black (F), Lionheart, Sfermight, Stockard, PARICHASCE (B) INVESTIMENT TRAITS (37) RAYSETHICAT COMPANIES (B) LIDIUMS (A) RIVETTIESNY COMPANIES (B) LINEUPSE A HOTTELS (2) Alled, Magnelia, LIFE ASSISTANCE (B) MEDIA (B) Birtelia, Dely Mail A, Scotten TV, SelecTV, Trinky hat, MERCHART BANKE (S) Hendron Tripo Cro. Pri., OLL EXPLORATION & PROD (I) Hardy Cli S Gea, OL, INTEGRATEO (I) Exom, CTHER PINANCIAL (S) CTHER SERVIS & BURNS (S) Substité Speakman, PHARIMACEUTICALS (B) Gramplen, Hasbund Nycomed A, Do B, PRTNA, PARER & PACKE (B) PROPIERTY (15) RETALLERS, POOD (S) Brate Broa, Fizzalson, Tesco Cap. Spo Criv. Brake Bros., Fizakton, Tieco Cap. 900 Cm; 2005, RETAILERS, QUMERAL (7) SUPPORT SERVS (6) TELECOMMERSICATIONS (1)

Socially Services, TEXTLISS & APPAREL (10)
TRANSPORT (b) Assoc. But, Ports,
Devisiongroup, NFC, Coost., Transport Dav.,
AMERICANS (1) CANADIANS (12), shares gained 3 at 408%p in trade of 11m. The firmer oil price also helped Enterprise Oil, the

shares advancing 7 to 398p, as

talk that its bid for Lasmo

would fail continued circulate. However, the oils team at Strauss Turnbull believe Lasmo investors should accept the offer particularly because, the revised hid terms confer benefits on Lasmo share hold-

+0.4

+0.0

ers at the expense of Enterprise share holders". The day's turnover in Enterprise of 2.9m was said to have included a block of 175,000 bought at a 2p premium for the new account which begins on Monday. Lasmo eased 21/2 to 141p, as the bid interest in the stock continued to fade.

Two-way business in Shell Transport brought volume of 4.6m as the sbares closed unchanged at 714p. Kleinwort Benson, the UK

merchant bank and securities house, changed from a cautious stance on the brewering sector to one of "cautiously optimistic." Analyst Mr Andrew Holland said that recent results and company meetines had seemed to indicate that the worst of the wholesale price war was now over. "All the bad news on discounting is now in the share prices," he said. "We could see some modest upturns from here." The broker removed Scottish and Newcastle from its sell list. The shares firmed a penny to 518p. Hints from the Bank of

England that interest rates will have to rise hit builders and building material groups hard. Among the former, Barratt Developments fell 10% to 189%p, J Laing 9% to 282%p, Persimmon 5 to 287p, and Taylor Woodrow 7 to 124p. Materi-

als groups included Marley off 9 at 139p, Hepworth 14 to 307p. Redland 20 to 470p and RMC 35 to 813p.

High street retailers were also undermined by the rate rise specualtion and mixed retail sales figures. Kingfisher slid 8 to 502p, and Great Universal Stores dropped 6 to 673p. But Dixons was 3 firmer at 191p as the figures showed electrical sales stronger.

Fears about the take-up of the shares from its recent rights issue continued to dog Channel tunnel operator Eurotunnel which left the shares trailing 14 to 303p. Dealers reported some confusion in dealing forms for private clients wishing to take up the

News of the restructuring of the Milk Marketing Board saw gains from Unigate, up 4 at 891p, and Northern Foods, up 2 at 217p.

Figures below market expectations left Alvis 6 lighter at

was recorded in British Steel as active two-way business sent turnover up to 16m. The shares closed unchanged at 136½p. Allied Leisure slipped 2 to

25p after announcing it is to take an exceptional charge in its accounts for the current MARKET REPORTERS:

Christopher Price, Clare Gascoigne, Joel Kibazo,

M Other statistics, Page 25

LONDON EQUITIES

LIFFE EQUITY OPTIONS												RI				
Option			- Cui	S		- Put	, Jan	Continu						- Puta		Brite
	- F.67	_	_	_	_	_		Option		_	_	_	_	Nov	_	Min
(*568)		11%	58H		291	157		(*252)	250	18) 7)		26) 189		18%	12	Gen
Artes	240	14	25	ZIY	9	14		Lasmo	134	13			514		_	Con
("252) ASDA	280 50			16%				(*141) Lucas Inda	154	231				20%		UIII
(755)	80							(178)	160		167			17%	10%	Fine
Deb election	200			-	- 414		2017	P&O	600			701			34	Othe
("396)	420		18%	35%			29½ 47½	("627")	650		34	457	37%	56	611/2	Total
Swill Brian A	380	36	46	53	514	141	22%	Plikington (~178)	160		267		143		11 21	Deta
(*416) Books	420		287 487	26%			3634	Prudential	280		321	37	5	12	1316	
(524)	550		22		311			(~\$BB.)	300	12	21	25%	123	21%	23%	TR
BP	390	26	. 30	45			104	RIZ	850	15%			257		521 ₆	-
(406)			227				18%	(°856) Redignd	460				141		32	Calls
Brillish Steel	130	10	15	18%	412	8	1015	(470)	500	10%	23	307	37	52	56	Roya
(*136) Bass	140			1335			15% 31%	(°280.)	280 290		167		12H		36	cont
(1515)		514		28%				Tesco		-				141/2		
Cable & Wire	475	404			15			(*224)	240		11%			281/		LO
(433)	450	18%		=		-	Ξ	Vodatum	500				19%		39	losu
CONTRACKS	500	21%	57		1435	25		(*508) W/Wans	550 325	33%	40%	3ZH	5314		69	price
(*503) Comm Uplon	550 500		15%	20	5014	56% 21 W	62 27	("351)	354				1414		-	\$12
("518)	550			26%			54%	Option		Jul	Oct	,Aun	Jul	Oct	Jen	18
12	750	•		71%		201/	9612	BAA	900				14%		35	25 10
(777)		15%		45%				(*936)	550 460					5214		§15
Conglisher	600	24%	34	461/2	15%	28%	35	Tharms Wir (*468)	500				5314	271/2 561/4	63	
(201)	550	6	12	26	5	58 %	66%	Option			_			Dec		514
Land Soor				58		12%		Abbay Nati	420	_	32%	_	_	26%	34	
(1624)	650		21		31%		48 1314	(421)	460		16	23	4834		80	k25
Marks 8 8 (*416)		10%	38% 21	251/2				Amstrad	30 35			7		434	5 6	
Hatiliest	480	28	38	40	872	21	25%	(°31) Barckeys		3274		53	51/2 25	3316	43	
(*475)	500	274	18%	39	31	43%	48	("556)	800			3114	60%		73	10
Salasbury	360	21	351/2	44%	9	18	25	Blue Circle		27%		39	11	15	18	22
(*402)	420 700		21%		28% 11%			(*273) Brillish 629	280	16%		271/2		25½ 16	25% 17	
Shiff Trans. (*713)	750		41%	2714				(7268)		11%			19		28%	16
Starehouse	200			25%			12	Doons		19%			22%	14 25	17 23	20 10
(212)	220	6	TZ	18%	מכו	אשו	23	(*160)								12
Tradaigner	79	12	-	-	21/2	-	-	(**Indown (**162)	160 160		17½ 9		2234 2234	24	131⁄3 23	
(*87) Unitered	60 1000	0½ 32	55	24	8 2614	2016	41	Londo	120		18%		-8	11	14	
(~1008)	1050	11	33%	60	51%	61	67%	(*127)	130		15		13%	16	19	10 58
2000ca (*724)	700 750		2814	57 ½	35% 35%			Nati Power	420	14%	43 24			23%		300
Option	730		No.	1	Aug	Nov	Feb	(*431) Scot Power		2234		32%		45% 26%	31	10
Grand Met	420		31		_		3214	(383)		10%				48	60	610
(*421)	480	414	15	21	48%	52)4	50%	State		1414			31/2		8	15
(*164)	160 180	18 514	21 12	25 18		111%	13 25	(*119) Forts	120	25%	17	13 321/2		10% 12%	11 15	
Utd Biscuits	300	35		40%			13%	("232")		14%		23	16	23		RIG
(*326)	330	15		29%	14	24	27	Tarmer	140	14	17	21	1014	15	17	lecut
Option			_	Mar	<u> </u>	Dec	_	(*141)	160	8	9	13		28%	30	price
FRORE	140		28% 11%	231/2	914 2214	15 754	17	Thom EM (*1083)	1050 1160		81 99	95½ 73		104	86 115	_ p
(J4i)	160	172	1122	10	2277	un	en.	T58		10%		25		15%	22	150
Option		Atag		Feb	Aug	Nov	Feb	(*223)	240	7	15	16%	27	28	34	2 160
Brit Aaro				67%				Tocaldas						14% 1		265
(*467)				50				(*228) Welicons	240 600	. 9 48		18½ 78	28 34%	28 4814	29 54	425 185
BAT Inch ("410)	390 420	32 15		保護 32%				(1609)	850	24	41	24	84 84		63	105
		***						Option						Oct		230
BTR	380	19	35		12%			Bisco		461/2				33	43	205
(*362) Brit Telecom	360	8 21	15 25%		321 11%			(578)						62% 7		100 5
(372)			12%		32			("708)		41 18%				52% (82 S		24
Carthery Sub	420	84	42%	2		14%		Flouriness		323/2			13%		_	250
(*41)	480	1016	22	29	23	35%	3135	(*465.)	475	16	2914	-	19%	31	-	
Englern Bec	550			72%				Option			_		_	Nov	_	FIN
(*594)	600	20	35%	4716	37%	49	67	Rolls-Royce	180	_	2314			12 1		
Guitanees (*462)	400 500		35% 13%	30½ 21	12 41	23 48		(*180)	200		_		17		26	Ordin
GEC /				22				' Underlying	1000	70	fice.	Pegarj	interes :	thous.	464	Ord.

Т	GOLD	MINE	SIN	DE)	X			
		Japa 15	% olig on day	Jan 14	Jap 13	Yapr	Gross dir yield %	Si High

	15	60 57	14	13	190	3960 35	High	انبعا
Ook! Mines Index (56)	1905.63	+4.7	1982.69	1927.24	1070.73	214	2367.40	1522.00
til Regional Indicas								
Mittee (18)	2781.A7	-63	2805.44	2753.24	2140.47	4.86	3440.60	1902 27
Australiania (C)	2641.53	+0.5	2526.50	2520.00	1536,13	1.95	3013.89	1693.16
North Asserba. (11)	1 527.7 7	+1.8	1601.65	1561.66	151291	0.69	2039.65	1363.00
Copyright, The Financial	Three Lin	stad 108	4.					
Constant to Autobate above		-	-Las Res	de LBR D	- Barra Flore		PUD UD 31	MODO:

ISES AND FALLS YESTERDAY

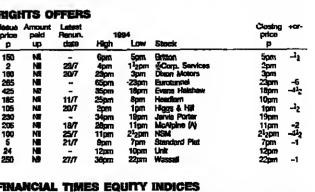
	Place	Falts	Same
British Funds	1	69	2
Other Fixed Interest	6	5	16
MINORAL EXTRACTION ,	76	48	76
General Manufacturers	56	232	373
Consumer Goods	22	64	105
Services	55	128	326
JEPes	16	26	10
Pinencials	74	108	193
THE TRUE TO SELECT THE PROPERTY OF THE PROPERT	31	145	294
Others	30	63	43
Totals	355	886	1432

RADITIONAL OPTIONS

is: AB Eng., Adreue, Conrad, Coutis Coras., Flagetone, GBE Intl., Greycod Hydroann, LEMS, Marine & M., Microviteo, Mercary Euro, Prin., NSM, Ovoca Re yal Iras, Signot Prt., Tallow Oll, U.d. Energy, Wilton Puts: Coutis Coras., Gre ats, Merine & M., NSM, Royal Iras, Tottenburch H., Tullow Oll Put & Cult: GBE Intl

NDON RECENT ISSUES: EQUITIES ue Amt Mid. ce paid cap up (On.)

	<u> </u>	Ψ_	port	rager	ш	SHOUR	P	+5-	CEV.	COV.	yıa	
	\$120	F.P.	59.7	123	11332	Aero. Hamble	122		W3.74	2.6	3.8	12.1
	181	F.P.	46.1	165	190	Amey	165		LN1.08	8.8	5.4	29.9
	255	F.P.	145.0	267		Argent	265					
	100	F.P.	43.3	108		Automotive Prece	106		LN4.0	0.6	4.7	35.6
	§150	F.P.	30.9	154	160	Brawin Dolphin	150		L5.8	2.3	4.9	11,1
	-	F.P.	222.7	81	72	CAMAS	73		uN3.75	0.7	6.4	34.6
	-	F.P.	105.9	112	107	CLS	107		-	_	-	_
	5143	F.P.	12.5	170	148	Cansol	170	+18	W3.9	-	2,9	11.3
	-	F.P.	19.6	36	35	Chime Correna.	35		-	-	-	_
	250	F.P.	170.2	249		DCC	228		LQ34%	3.5	3.0	11.9
	130	F.P.	46.1	138		Deniby	138	+2	W3.1	2.8	2.5	13.4
	-	F.P.	77.3	93	60	Flerning Indian	92		-	-	-	-
	-	F.P.	7.90	50		Do Warranto	47		-	-	-	-
	-	F.P.	1.46	3712		Govett Gbl SI WI	331 ₂			-	-	•
	105	F.P.	54.8	108		Healthcail	99		WN4.D	1.8	5.1	14.1
	225	F.P.	108.3	288		Intermediate	232		LN9.9	2.1	5.3	8.1
	-	F.P.	-	77		JF R Japan Wits	73	-1	-	-	~	-
	5	F.P.	4,20	512		Keys Food	54		-	-	-	-
	160	F.P.	57.A	163		Lomberd Ins.	181		WN7.7	2.2	6.0	9.3
	200	F.P.	164.1	253		FLondon Clubs	232		W11.92	1.6	8.4	11.6
	105	F.P.	44.0	113		Nightíreight	99	-4	PG.38	2.5	43	13.1
	120	£P.	34.7			Norcor	129		W4.56	2.5	4.4	11.0
	-	F.P.	263,0	131		Redrow	119	-1	WN2.7	2.5	2.8	15.1
		F.P.	46.1	92		Scudder Letin	60	-1	-	-	-	-
		F.P.	6.16	44		Do Wits	44		-	-	-	-
	100	F.P.	24.8	99		Shines HY Smir C	99				. :	=
	585	£P.	14.1	113		Spargo Cons	113		L1.8	1.6	1.8	44.6
	-	F.P.	28.7	133		Speciality Shops	130		12.4	-	2.3	-
		F.P.	58.8	100		TR Euro Gwth C	99		-	-	-	-
	100	F.P.	73.7	100		TR Propiny C	92		440 43	-:		
	§108	f.P.	45.4	120		UPF	120		W3.67		3.8	10.3
	150	F.P.	41.9	163	154	Vymura	163		L4.44	2.2	3.4	15.6
ı	RIGH	ПЗ	OFF	ER\$								



June 16 June 18 June 14 June 13 June 16 Yr ago 7 High
 Ordinary Share
 2383.4
 2399.8
 2397.2
 2385.5
 2418.3
 2248.5
 2719.8
 2327.2

 Ond, citv. yield
 4.24
 4.21
 4.22
 4.24
 4.16
 4.12
 4.32
 3.43

 Extr. yid. % full
 5.70
 5.66
 5.67
 5.69
 5.61
 4.86
 5.78
 3.82

 P/E ratio net
 18.73
 18.86
 18.82
 18.75
 19.02
 26.25
 33.43
 18.59

 P/E ratio nii
 18.40
 19.53
 18.51
 18.44
 19.72
 24.45
 30.90
 18.16

Open 9.00 10,00 11.00 12.00 13.00 14.00 15.00 15.00 High Low 2365.3 2361.5 2362.6 2365.6 2366.5 2366.5 2387.2 2384.7 2363.5 2386.7 2378.8 June 18 June 15 June 14 June 13 June 16 Yr ego

CROSSWORD

43 Media(59)
44 Retellers, Food(17)
45 Retellers, General(44)
48 Support Services(40)
49 Transport(16)
51 Other Services & Bus

68 Water (13) 89 NON FENANCIALS(831)

74 Life Assurance(0) 75 Merchant Banks(5) 77 Other Financial(24)

80 INVESTMENT TRUSTS(122)

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AT TRACK

FINANCIAL TIMES FRIDAY JUNE 17 1994

MARKETS REPORT

Dollar gyrates

The dollar was bounced around in choppy trading con-ditions yesterday as bearish sentiment tested the US currency's technical lows against the D-Mark and growing tensions in North Korea helped the dollar off its floors against

the yen, writes Motoko Rich. A fall in the US bond market dragged the dollar down but intervention by the Bank of Japan in support of the US currency and better-than-expected US economic data gave the dol-

The dollar closed in London at DM1.6319 against the D-Mark from DM1.6354 and at Y103.335 from Y102.750.

The safe haven Swiss franc benefited from war talk about North Korea and gained from views that the Swiss economy is the healthiest in Europe.

■ In early sessions, the market tried to break through DM1.6280, a level seen as sig-nificant by technical analysts. The US currency dropped below DM1.63 for the first time since October.

"The dollar has had a slug-gish performance because the factors that have been hurting it in the long term are still there," said Mr David Cocker, economist at Chemical Bank. "There is uncertainty on the US-Japan trade front and the market maintains a very positive outlook on the European recovery, which has particu-larly benefited the D-Mark."

While tough talking from North Korea and a rumour that a US helicopter had been downed in South Korea buoyed the dollar against the yen, escalating tensions in the region provoked a fall in the US bond market, which is having a knock-on effect on the

"Developments in North Korea have been upsetting commodity prices, especially off, and have been interpreted as adding inflationary pressures to the US," said Mr Jer-emy Hawkins, senior economic adviser at Bank of America.

He said concerns about rising inflation in the US have prompted nervous investors, fearing interest rate rises, to retreat from US Treasuries, a move reflected in the US currency market.

nat the D-Mark (DM per th.

A decent batch of US statistics pushed the dollar up in afternoon trading. US May housing starts were well above forecasts, rising 2.6 per cent after a 3.1 per cent drop in April. Analysts had expected the May figure to fall. Housing permits dropped 1.6 per cent in May, however, indicating a

future slowdown.
Initial jobless claims fell more than expected to 348,000 from 359,000 in the previous week. The Philadelphia Fed index rose to 16.1 in June from

14.8 in May.

While these figures lent support to the US currency, the market remained gloomy on the dollar.

"The mood in the market is that if it can't rally against all the news that has been thrown at it, then it must be going down," said Mr Nick Parsons, economist at CIBC.

The Canadian dollar followed the US currency down and plummeted to C\$1.393 against the US dollar from C\$1.386. "If the US dollar has a bad day then the Canadian dollar has an even worse day," said Mr

It is thought that the Canadian authorities have inter-vened to stem the tide against the Canadian dollar.

■ The Swiss franc fell back from highs against the dollar and the D-Mark but maintained a strong upward bias as investors flooded toward the

Swiss currency in search of a safe haven in the light of developments in North Korea. Some analysts believed

North Korea was a small factor in the Swiss franc's strength.
"I think the view that Swiss interest rates have reached bottom and that the Swiss economy is slightly better than the German economy has helped the franc," said Mr Peter Luxton, sconomic adviser at Barclays Bank.

He also said the collapse in the European bond market helped the Swiss franc, but also the D-Mark. Mr Luxton said the D-Mark was further strengthened by remarks the Bundesbank made in its June monthly report. "The recess-ionary tendencies in the west German economy appear to have been overcome," the central bank said.

The D-Mark closed at FF13.413 from FF13.410 and at L981.0 from L973.5. German call money was quoted in a range of 5.00/10 per cent and the market was well supplied with liquidity.

■ Sterling lost overnight gains made after the Chancellor's Mansion House speech and comments by Bank of England Governor Eddie George, in which he signalled a future

interest rate rise.

The pound was unaffected by slightly weaker than forecast retail sales figures and an improved public sector borrow-

Sterling closed in London at DM2.4805 from DM2.4862 and virtually unchanged at \$1.5201 from \$1.5203. The Bank of England provided liquidity of £339m at the established rate after forecasting a shortage of £400m. The overnight lending rate traded between 5% and 2

In the futures market, the short sterling contract for December closed at 93.76 from 93.94. The December euromark contract closed at 94.81 from

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DAE	5.5765 - 5.5879	3.6715 - 3.6735

Jun 16		Closing	Change	Bidroffer	Day's		One mo		Three ax		One y		Bank o
	_	mid point	on day	spread	high	iqw.	Rete	%PA	Rate	%PA	- Platte	MPA.	Eng. Ind
Europe													
Austria	(Sch)	17,4418		340 - 496		17.4340	17.438		17,4324	0.2			114
Belgion	(BFI)	51.0532		194 - 870	51,2416		51.0432	0.2	51.0632	-0.2	50.9622	0.2	
Denmark	(DIG)	9.7230		192 - 288		9.7109	9.7307	0, 1–	9.7444	-0.9	9.7585	-0.4	
Finland	(FM)	8.3402		307 - 497	8.3650								80.
France		8.4644		602 - 686	8,4963		8.4683	-0,6	8,4732	-0.4	8.4541	0.1	100.
Gennany	(DM)	2,4805		795 - 514	2,4924		2.4803	0.1	2,4796	0.1	2.4626	0.7	124,
Graece	(Dr)	375.453		910 - 995	377.265		4			_=	4		444
Mierici	(E)	1.0204		193 - 214		1_0178	1.0207	-0.4	1,0216	-0.5	1.0222		
	<u>, e</u> y	2432,84		152 - 416	2434,16		2438.74	-2.0	2450.30	-2.9	2494,34		
Panagaran	(TE/)	51,0532		194 - 870	51,2410		61.0432	0.2	51,0832	-0.2	50,9682	02	115.
Vetherlands	(F)	2.7794		780 - 508		2,7755	2.7783		2,7787	0,1	2,7597	0.7	119.
	(NK)	10.7806		768 - 848		10.7410	10,7752	0.5	10,7877	-0.8	10.7789	0.0	85.
Portugal	(Es)	257.725		437 - 012	258.545		258,7	-4,5	280.845	-4.5			
Spain	(Ptu)	205.215		129 - 300		204,534	205,7	-26	206.635	-2,8	209.615		85,
Sweden .	(SIC)	11,9547		462 - 631	12.0452		11,9777	-23	12.0127	-1.9	12.1107		
Switzerland	(SE)	2.0648	-0.0033	837 - 858	20883	2.0794	2.0835	۵.7	2,0809	0.7	2.0807	1,2	
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Mexico (New)		£1112			5.1264		21197	-1.1	21490	-1,5	2.1525	-1.7	85.
JSA	(5)	1.5201		082 - 161 197 - 204	1.5250	1,5196	1.5193	0.6	1,5179	٠.	1.5124	0.5	84.
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ncia	(Flet	47,6821		654 - 967	47,8967				,	-			
lapan	m	157.075		985 - 164	157,300	156,200	158,705	2.6	155,685	3.6	151.86	8.3	185.
Astaysia	DASS	3.9514	+0.004	487 - 530	3.9604	3.9469	-			_			
	(P(ZS)	2.5823	-0.0074	806 - 840		2.5806	2.5816	0.3	2.5961	-0.4	2.5917	-0.4	
	Peec	41.1934	-0.0055	799 - 969	41,5097		-	-	-	-			
Saudi Arabia	(SP)	5.7011	-0.0006	995 - 026		5.6990	-	-	-	-		-	
angapore .	(55)	2.3313		300 - 326	2.3381		-	-	-	-	-	-	
Abica (Cont.)	640	5.5247		211 - 292	5.5375	5.5005		-	-	-	•	-	
Africa (FirL)	(7)	7.2431		262 - 500		7.2262	-	-	-	-	•	-	
South Koree ((non)	1225.80	-0.17	533 - 605	1229.61	125.32	-	-		-			
alwan	(LZ)	41.1200		079 - 321	41.24BB		_	-	-				

Jun 16		Cionina	Charge	Bid/offer	Day's	. mid	One m	onth.	Three m	onthe.	One 3		J.P Morga
		mid-point.	on day	spread	trigh	low	Rate	%PA	Rate	KPA	Flate	%PA	Index
Europe													
Austria	(Sch)	11,4745	-0.0306	720 - 770	11.5290	11.45/5	11.482	-0.8	11.4855	-0.4	11,4103	0.5	103.3
Belgkun	(BFr)	33,5865	-0.046	720 - 016	33,6800	28.5200	33,609	-0.8	33,6565	-0.6	33,7015	-03	104.6
Denmark	(DKr)	6,3965	+0,0015	955 - 975	6.4087	6.3741	6.405	-1.8	6.4195	-1.4	6.4515	-0.0	104.3
Finland	(FM)	5,4868	+0.0029	818 - 916	5,4971	5,4804	5.491	-0.9	5.4999	-0.9	5.5518	-12	
France	(FT+)	5.5685	-0.0083	670 - 700	5,5880	5.6805	5.574	-1.2	5.6623	-1.0	5.547	0.4	104.8
Germany	(D)	1.6319	-0.0035	318 - 321		1.6260	1,6329	-0.7	1.6397	-0.4	1.6284	0.2	104.9
Greece	, (Dd)	247,000	-0.15	700 - 300	247.700	245,320	248.35	-6.6	249.2	-3.6	251.5	-1.8	67.8
neland	(10)	1,4897	-0.0039	885 - 909	1,4982	1.4878	1,4884	1.1	1.4858	1.1	1.475		
tely	EL	1600.50	+8.45	000 - 100	1601.00	1591,25	1605.2	-3.5		-3.5	1649.25	-3.0	77.8
Totamponia	(LFo	33,5865	-0.048	720 - 010	33,5800	33.5200	33.600	-0.8	33,6565	-0.B	33,701		
Netherlands	(FB)	1.8285	-0.0025	280 - 290	1,8336	1.8225	1.8296	-0.7	1.8308	-0.5	1,8248	0.2	
Norway	(NIC)	7.0924	-0.005	914 - 934	7.1114	7.0627	7.0059			-0.8	7.0396		95.7
Portugal	(Est	169,550		400 - 700		189,100	171,205			-0.6	177.5		82.4
Spein	(Pta)	135,005		980 - 030		134,300	135,395			-3.3	138,505		80.3
Sweden	SKH	7.8647		800 - 884		7.8300	7.8822		7.9137	-25	B.0342		
Switzerland	(SFr)	1,3715		711 - 719	1,3735		1.3718		1.271	02	1.3626		
UK	(E)	1.5201		197 - 204	1,5250		1,6193		1.5179	as	1,5124		
Ecu	~	1.1795		783 - 798	1.1820		1.1771	1.5		1.4	1,1063		
SORt		1.42334		100 - (00	1.1020	41701	1.1771	1	1.1740	1.4	1,1000	-4,	_
Aznaricas		1,000		_		-	_	-	_	•			_
Argentins.	(Peso)	0.9978	-0.0006	976 - 979	0.000	0.9976							
Brazii		2276.40		639 - 641		2278.30		-	-	-		•	_
Carteda	(Cr)	1.3932		929 - 934		1,3883	1,3959		4	-:	4 0000		
		3.3625									1.423		
ISA	Peso)	3.3025	-0.0006	600 - 650	3.3700	3.3600	3.3635	-0.4	3.3653	-0,3	3,972	-0.3	
	(2)		•		-		-	-	-	-		•	20.5
Pacific/Middle													
kustralie	(AS)	1.3679		674 - 684	1.3787		1.3682		1.3683	-0.1	1.372		
Hong Kong	(HKS)	7.7315		316 - 320		7.7294	7.731	0.1	7.7335	-0.1	7.7477	7 -0.2	-
ndia	(144)	31,3668		850 - 725		31.3650	31,4488		31.5836	-2,9			-
lepery	(1)	103,385		300 - 370		102,700	103.15		102.7	2.5	100.415		
Malaysia	(MS)	2.5995		990 - 000		2.5056	2,582		2.5885	1.7	2,6195		-
Vew Zenland	(NZS)	1.6988	-0.0047	981 - 995	1,7047	1.6016	1,7006	-1,3	1,7062	-1.5	1,7200	-1.7	-
Philippines	(Peso)	27,1000		000 - 000	27,3000	26,9000			-				-
Saudi Arabia	ISFO	3,7508	+0.0001	504 - 507	3.7507	3.7503	3.7512	-0.2	3,7532	-0.3	3,7666	-04	-
SINGSCOTE	(88)	1,5337	+0.0017	332 - 342	1,5377	1,5315	1,533	0.6	1,5327	0.3	1.8347	-0.1	-
Africa (Com.)	(FO	3.6345	+0.0132	330 - 360	3,6400	3.8136	3.65	-61	3.6783	-4.6	3.756		-
Africa (Fin.)	(6)	4.7650		550 - 750		4.7550	4,7987	-8.5		-7.8	41.44	-	_
South Kores	(Word	806,350		300 - 400		805,200	809.35	-45	812.86	-32	891.35	-3.1	
alwan	(ET)	27.0518		500 - 535		27.0500	27.0718	-0.9			40.00		_
hulland	(136)	25.1560		500 - 800		25,1400				-3.2	DE 904	-2.7	-
SOA rate for Just						***					E-1,0-2		-

tentry ma	TYCK.			TOA	escors	поощ	ed tow	are the		_				but at	d beliquid	y curren	interest in	may, UK, budg	nd & ECU we quoted	in US commency	J.P. Morgan n	profest Indica
CROSS	RATE	SAN	D DER	IVATI	VES											Ė						
EXCHAI		ROSS	RATE	S FFr	DIK	1E.	L	Ħ	MKr	64	Pha	8Kr	SFr	2	C#		Y	Fou	EMS EUI	Ecu cun.	Plate	Change
Belgium	(BFi		19.05	16.58	4.868	1.986	4766	5.444	21.12	504,8	402.0	23,41	4.084	1,959	4.148	2.977				(mint)	against Ecu	
Depmerk France	(DK)		11.49	8.705	2.551	1,049	2502	2,858	11.09	265.0	211.0	12.29	2144	1.028	2.178	1.583			Irefrenti	0.808828	6.793206	+0,00200
Gormany	(OM		3.921	3.413	2830	1.206 0.411	2875	3.283 1.121	12.74	304.5 103.9	242.4 82.74	14.12 4.818	2.463 0.841	1.181	2.502 0.864	1.796			Natherlands Befolun	2.19672 40.2123	2.16008 39.6747	-0.0015
Ineland	as			8,298	2.431	1	2386	2.725	10.57	252.6	201.2	11.72	2.044	0.980	2.078	1.490			Germany	1.94964	1,92827	-0.0023
Italy	a			0.348	0.102	0.042	100.	0.114	0.443	10.59	8.434	0.491	0.068	0.041	0.087	0.082			France	8.53883	6.58983	-0.0064
Netherlands	Ű	18.37	3.490	3.046	0.892	0.387	8/5.5	1	3.879	92.73	73.84	4.300	0.750	0.360	0.762	0.547			Denmark	7.43679	7.55867	+0.0056
Norway	(NK)	47.36	9.018	7.852	2,301	0.946	2257	2.578	10	239.1	190.4	11,09	1.934	0.828	1.965	1,410			Spain	154,250	159,302	+0.25
Portugal	(Fire		3.773	3.284	0.962	0.396	844.1	1.078	4.183	100.	79,63	4.637	0.809	0.388	0.822	0.590	60.96	0.501	Portugel	192,854	200.274	-0.15
Spain	Pe			4.125	1,209	0.497	1186	1,354	5.253	125.6	100.	5.824	1.01e	0.487	1.032	0.741		0.629				
Smarten	(SK			7.083	2.075	. 0.854	2036	2.326	9.021	215.8	171.7	16	1.745	0.837	1.772	1.272			NON ERM ME			
Switzerland UK	(SF		.,	4.059	1,189	1,020	1167	1.333	5.170	123.8	98,42	5.731	1	0.480	1,018	0.729			Grence	264.513	291.167	-0.33
Cenada	(2			3.996	2.480 1.171	0.482	2438 1148	2.779 1.812	10.78 5.090	257.7	205.2 96.88	11.95	2.065	1 0 670	2116	1,520			ftuly	1793,19	1885.66	+4.32
UB	(~			5.568	1.632	0.671	1601	1.828	7.092	169.5	135.0	5.642 7.862	0.884	0.472	1.393	0.718	74.17		UK Sou commi prior	0.786749	0.776665	+0.003216
Ecu Yen per 1,000 III D-BLARR					1,922 Ironer, and	0.791 Swedish	1986 Kronor pe	2.154 r 10; Belgier				76.07 \$J.284 sta per 100.	13.27 1.516	6.365 0.775	13.48 1.642 Yen 100	9,675			Percentage chan ratio between ter- for a currency, as Ecu control pris. (17/9/92) Sterling	apreads: the ad the madmu	is becaused being	couringe devi-
	Open	Lates	Change	e Hig	h L	OW I	Est. vol	Open Int.			Open	Letrot	Change				Est. vol	Open Int.	R PHILADEL	PHA SE S	S OPTIONS	231,250 (00
Sep	0.5108	0.6122	+0.001	1 0.61	36 0.6		39.242	68.944	Sep		0.9804	0.9743	0.0065	_	-		13,464	54,238	Strike		- CALLS	
Dec	0.6114	0.6125	+0.001	2 0.61	34 0.6	3116	138	1,291	Dec		0.9615	0.9805	-0.0072				157	1,999	Price	Jul	Aug	Sep
Max	-	-	-	-		-	•	-	Mar	1	0.9860	0.9860	-0.0089	0.988	D 0.90	000	4	263	1.426	9.33	9.27	9.25
																			1.450	6.90	6.94	7.06
A SWINS P	RANG FU	TURES	OMAN SET	125.000 p	or SFr					THE NAME OF	BLIVE	WES (IMM)	649 BBD #						1.475	4.49	4.72	5.07
									===		17010	ma (many	THE SOUR	W 2					1.500 1.525	2.40 0.89	2.84 1.50	2.03
Sep	0.7298	0.728					23,253	43,876	Sep		1.5190	1.5160	-0.0014				7,525	33,484	1.550	0.22	0.67	1.13
Dec Mer	0.7309	0.730	-0.001	4 0.73	CO U.	7295	201	745	Mar		1.5180	1,5150	-0.0002	1.618	0 1.51	160	29	275 -	Previous day's vo			
WORL	INTE	REST	RATE	s												-			UK INTE	DECT C	ATES	
MONEY	RATE	R							- 1	-		UNOMAN	/ WITH	we A room	SP DM1m	-	-4 4000/					
June 16			One Thre	e Six	One	Lomb	Dis.	China	=										LONDON			
			onth min					Flopo	Sep		Open 95.01	Sett price 95.04	-0.01	95.07			Est. vol. 22815	Open int. 194748	Jun 16	Ow nig		
Beigium		574	54 5	54		7.40	4.50	~	Dec		94.79	94,81	-0.04	94.84			34016	207906	Interbenk Sterin	g 5½	2 43-4	43-4
week ago		5%	54 5				4.50		Mar		84.52	94,53	-0.06	94.58			26364	203640	Sterling CDs			48-4
Prence week ago			514 51 514 64			5.30 5.30	-	6.75	Jun		94.16	94.14	-0.09	94.19			19685	102167	Treesury Bills	-	-	433 - 4
Commenty Cale			.03 5.0				4.50	6.75	- TI		OWEN P	UROLEN	BILRAT	- 10701		E) L100	10m point	of 100%	Bank Bills			43 - 4
week ago			.03 5.0				4.50	5.10			Open	Satt price	Change	High	Lo	w 1	Est. val	Open int.	Local authority	deps. 54 -	55, 411-4	0 - 40

Dec 0	.7309 0.	7305	0.0014	0.7308	0.72	95	201	745	Dec	1.5180	1,5150	-0.000	2 1.81	0 1.510		275
WORLD	INTERE	ST R	ATES													
MONEY F	RATES								a The	ж монтн	FUNCEAN	K FUTU	NES (LIFF)	SY DM1m p	coints of 1009	6
June 16	Over	One	Three	Six	One	Lomb	-			Open	Sett price	Chang	e Higt	Low	Est. vol	Open int
	right	month	milite	mtius	year	Inter.			Sep	95.01	95.04	-0.01	95.07			194748
Beigitum week noo	5%	5 <u>8</u> 5 <u>8</u>	5 <u>7</u>	54	5% 5%	7.40			Dec	94.79 84.52	94,81 94,53	-0.04 -0.08				207906
France	5%	51/4	514	54	5%	7.40 5.30			Jun	94.16	94.14	-0.09				203640 102167
week ago	514	514	64	5%	5%	5.30		6.75		IE HORTH					L1000m pok	
Commeny	5.05 5.03	5.03 5.03	5.00	5.00	5.08	6.00				Open	Sett price					
week ago ireland	54		5.05	5.05	5.12 81	8.00	4.5	5.10 6.25	Sep	91.80	91.71	-0.25	_			44856
week ago	64	52 52	-54	574	61	=		6.25	Dec	91,45	91,36	-0.26				51533
itely	81	78	8	84	9%	-	7.0		Mar	91.16	90,96	-0.34		90.95	1054	13420
week ego Netherlands	7 8 5.03	7 0 5.00	7% 5.02	775 6.05	5.20	-	7.00 6.21		Jun	90.66	90.63	-0.85				8242
week ago	5.08	5.00	5.07	5.10	5.24	_	6.2		7204	MONTH!	-UNO 5111	OS PRAN	IC PUTUR		SFr1m points	of 100%
Switzerland	414	44	44	44	434	6.025				Open	Sett price		e High	Low	Est. vol	Open int
week ago	3%	44	- 44	476	4	6.625	3.50		Sep Dec	95.40 95.17	95.43	-0.07	95,45	-		30084
Week ago	4 <u>4</u> 4%	4%	4% 4%	45 45	5 <u>#</u>	_	3.50		Mer	95.17	96.17 94.83	-0.11 -0.13	95.23 94.90			9116
Jepen	91	21	24	23	214	Ξ	1.70		Jun	94.58	94.51	-0.15	94.59			7358 290
week ago	18	21	2	24	21/2	_	1.75		# 178mm	OF MONTH!	CU FUTU		and the second	points of 1		200
# \$UBOR F	London									Open	Sett price	Chang	High	Low	Est. val	Open Inc.
Interbenk Floi	-	14	44	434	5%	_	-		Sep	94.15	84.12	-0.08	94.17	94,11	594	•
week ago	_	4	4	4%	54	-	-	-	Dec	83.96	93.92	-0.09	98.98	93.02		12565 8207
US Dollar CD	-	4.18	4.36	4.86	5.24	-	-	-	Mar	83.69	93.62	-0.16	93.89			3392
week ago SDR Linked D	. -	4.16 314	4.36	4.69	5.21	-	-		Jun_	93.28	93.24	-0.12	93.28	93.20		123
week ago	_	314	34	3%	7			_	" UPTE N	turns tracked or	R APT					
day. The banks of Mid retes are als EURO CU	741 IOT 1139 (X	Y INT	ERES	TRA	TES	OR Links	ed Depos		Sep	Open 94,88	Latest 94.88	Change -0.01	High 94,82	Low 94.87	Est. voi 123,814	Open int
Jun 16	term term	7 day		One nonth	Three		Stat	One	Dec	94.14	94.16		94.19	7		393,934
					months	- mc	orithe.	year.	NAME OF	93.94	83.91	-0.02	93.97	93,90	78,087	281,598
Belgian Franc	54 - 54	5% - 6			54 - 5		- 67,	5% - 5%								
Denish Krone D-Mark	54 - 5 5 - 47	64 - 8			0 g - 5%		(- 6	64 - 6	見 切れ	MASURY B		TES (No.s	\$1m per	100%		
Dutch Guilder	6 - 412	5 - 4		- 47s	6 · 44	5à	- 4년 - 4년	54 - 54 54 - 54								
French Franc	57 - 52	51 ₂ -			51 ₂ - 51	55,	- 51,	54 - 54	Jun Sep	95,81 95,37	95.81 95.34	-	95.84 95.37			4,837
Portuguese Esc.	154 - 144		164 164	- 15%	15 - 144			125 - 113	Dec	94.71	94.70	-0.01	94.74			20,272 7,523
Spanish Pesata	72 - 74	74, - 7			71 1 - 7 5	72	- 74	814 - 8gs		5			•		- 500	7,065
Sterling	49 - 44	44 - 4	摄 45		61 ₈ · 5 ₅	57	- 5 _{CE}	6 ¹ 2 · 6	All Open à	Marvet Sgs. an	e for previous	dev				
Swiss Franc Can. Dollar	34 34 8 54	3(3 - 5 64 - 5	¥ 4.		44 - 44 64 - 64		- 44	42.43		_	-	_		40041		
US Dollar	44 44		3 4		64 · 65 43 - 43	73	- 7½ - 4½	7% - 7% 5% - 5%		MEARIK OPT			bourts or	10076		
italian Lint	8 ¹ 2 - 7		4 7	- 743	5 73	82	80	852 - 852 852 - 852	Strike		CA		-		— PŲTS —	
Yen	24 - 24	214 - 2	4		24 24		. 24	244 - 245	Price	Jul	Aug	Sep	Pec		ug Sep	Dec
Aulan \$Sing	34 - 34				44 - 44	52	- 64	6提 - 6提	9500 9525	0.16 0.02					09 0.12	0.26
Short tend rates :	ine call for the	US Dotte	r mod Yen	, others: t	wo daye,	notice.			9550	0.01					25 0.28 48 0.49	0.53 . 0.74
a Three be	HTH PINOR	FUTUR	TAM) EE	IP) Parla	Interbeni	k offere	d rate		Est. vol. to	201, Calls 5105 387138 FR	ALL ATOL	Previous di TANS (LIFT	ny's open in	t., Galle 199 points of 1	505 Pute 13025 00%	
6	ipen Sett	price C	henge	High	Low	. E	st, voi	Open int.	Strike		CAI				- PUTS -	
			0.09	94.40	94.4	2 2	5,824	61,280	Price	Sep			Mar	Sep	Dec	Mar
			-0.13	94.26	94.1		9,218	37,926	9525	0.20	0.2	4	0.25	0.11	0.32	0.67
			0.15	93.94	98.6		4,861	35,855	9550	0.15			0.17	0.22	0.47	0.84
gran 6:	8.58 9 3	,50 .	0.15	93.58	93.4	B !	5,712	25,182	9576	0.07		-	0.11	6,39	0.66	1.03
THREE MO	KTH KURO	POLLAR	(LIFFE)*	\$1m pol	nto of 10	0%			Est. vol. to	to), Culto 6 Pu	ta û. Proviou	s day's op	en int., Cell	275 Puta 1	676	

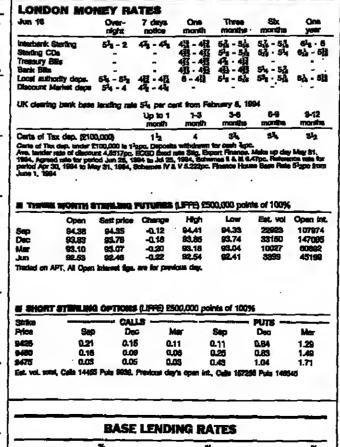
-0.07 -0.09 -0.15 -0.18

94.91 94.17 93.95

94,89 94,16 93,95

94.89 94.16 93.91 93.62

Jun 18	Figur Cent.	Plate against Ecu	On day	% +/- trom cen, rate	v weeknet	Div
les/sect	0.809628	0.793206	+0,002896	-1,91	5.87	13
Natherlands	2.19672	2.16008	-0.00153	-1.67	5.61	
Beighan	40.2123	39,5747	-0.0493	-1.34	5.25	16
Germany	1.94964	1,92827	-0.00232	-1.10	5.00	-
France	6.53883	6.58083	-0.00549	0.64	3.18	-5
Denmark	7.43679	7.55867	+0.00552	1,81	2.20	-11
Spain	154,250	159,302	+0.253	3.25	0.55	-23
Portugel	192.854	200.274	-0.152	3,85	0.00	-26
NON ERM ME	MBERS					
Grence	264,513	291.167	-0.334	10.08	-5.60	_
	4700 40	1885.66	+4.32	5.18	-1.25	_
taly .	1793.18					
ituly UK Fou central stiles Percentage char pulic between te	0.786749 set by the Eur get are for Eur	0.775665 open: Curmina c a poethie char parcaman dilla	+0.003216 ion, Currencies age denotes a v	-1.26 are in descending seak consency. D	5,18 og relative stres fvergenne show It and Ecu ours	ردال الد الحال
UK Sou central cales Percontage chap ratio between te for a currency, a Sou central cate. 17/18/92] Starling	0.786749 set by the Surges are for Earling the medical the medical and making and making Line	O.775665 open Currilles c a positive char percernage diffe or permitted per	+0.003216 ion. Currencies age denotes a v rence between centage deviation ERM. Adjustin	-1.28 are in descending the policy of the country of the current ments are cultivated to the current cultivated to the current cultivated to the current cultivated to the current cultivated to the cultivated to	5.16 ig relative street fvergence show it and Eco core y's market cute	at the rai pain from b
UK Sou central rates Percontage chara ratio between te- gor a carency, a Sou cannot pote. (17/9/92) Starling	0.786749 set by the Surges are for Earling the medical the medical and making and making Line	0.776685 opast Curmina c a positive char percanage diffe to permitted per a evaluated from OPTIQUES S	+0.003216 ion. Currencies age denotes a v rence between centage deviation ERM. Adjustin	~1,28 are in descending yeak consency. D the schuaf thatte an of the scarency nent culculated it is per pound)	5.18 og relative stree fvergenne show K and Ecu cere y's marriet cute og the Financial	at the rai pain from it
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Data aid Dow to overcome early worries

\$58% as bargain bunters came

to the fore. A commitment by

OPEC ministers meeting in

Vienna to hold current production levels was also supportive,

though most other oil stocks

Chevron, bowever, slipped

\$% to \$44% after Mr Eugene

Nowak, an analyst at Dean

Witter Reynolds, sharply cut

his estimates of the group's

weaker, as the Dow Jones Utility Index fell 1.31 at 184.95.

a company briefing with an

unfavourable view of its growth ontlook. Both Merrill

Lynch and Kidder Peabody

Merrill Lynch also lowered

its rating on Wisconsin Energy, and the stock slumped

In banking, Shawmut Nat-

ional weakened \$1% to \$21%

after trading was halted on an

order imbalance. Mr Steve Ber-

man, a NatWest Securities ana-

lyst, had reduced his rating on

the issue to "underperform"

from "hold" and lowered his

1994 earnings estimate for the

company. Several other banking issues

suffered sharp setbacks. First

Chicago lost \$2% to \$50%,

NationsBank shed \$1% to \$54% and First Interstate dropped \$2

On the Nasdaq, Apple Com-outer receded \$1% to \$26% and Oracle was \$1 lower at \$36%.

lows at midday, although the

TSE 300 composite index was

still 14.62 easier at 4,151.65 in

volume of 36m shares. Declines

led rises by 409 to 198, with 283

bounce back, while the local

Canadian bonds led the

All Toronto's sub-indices

were down at midday with the

exception of financial services.

CIBC regained C\$% at C\$29%,

while Bank of Montreal recov-

Share prices rallied from a

weak start to close up on the

dey after foreign buyers returned to the market. The

Merinvest composite index

added 2.1 per cent at 146.51,

with Electricidad de Caracas

Brokers attributed the recov-

ery to buying by a couple of

foreign institutions, and added

that the banking crisis remained the main focus of

concern. The rise in interest

rates at the central bank's

weekly auction of zero-coupon

bonds on Wednesday was said

climbing 9 bolivars to 388.

issues unchanged.

currency also firmed.

ered C\$% to C\$23%.

downgraded the issue.

\$% to \$34%.

to \$771/4.

Utility stocks were generally

Entergy, a New Orleansbased gas and electricity sup-plier, dropped \$2% to \$26% after analysis came away from

were little changed.

operating income.

Wall Street

Blue chips pushed moderately higher as investors took strong economic news as a positive sign, and shrugged off early weakness in bonds, writes Frank McGurty in New York. By 1 pm, the Dow Jones Industrial Average was 11.73 ahead at 3,802.14. But the more broadly based Standard & Poor's 500 lagged behind, climbing a scant 0.37 to 460.98, as

to 895. The American SE composite lost 1.69 at 440.58 and the Nasdaq composite shed 1.71 While the Dow industrials were never completely bonds yesterday morning, the benchmark index did assert a

declines led advances by 1,024

measure of independence. The morning's economic

MYSE volume



June 1994

news was consistent with the view that the economy remained on sound footing, in spite of the recent rise in interest rates. However, many the inflationary implications of the day's data, and such worries were even more apparent in the secondary markets.

The Commerce Department said that housing starts had climbed 2.6 per cent in May, confounding expectations of a 0.8 per cent decline. Initial claims for unemployment benefit showed a marked decline of 11,000 compared with last week. Thirdly, the monthly survey of business conditions the Federal Reserve of Philadelphia was generally

positive. But most of tha data was clearly unfavourable to bonds. which extended heavy losses struck the previous session in early trading yesterday. Never-theless, blue chips opened in positive ground and remained there. A subsequent reversal by bonds, thanks to a softer tone in commodity prices, was

In a switch from experience early in the week. Exxon Dow's modest rally. Most of the other components moved m a very narrow range.

Exxon, which had reached a 52-week low during the previ-

Milan under pressure after interest rate warning

The bear market in bonds continued to wreak havor in European equity markets, 2,054.91 on tha session, hit writes Our Markets Staff.

MILAN came under renewed pressure as worries about the outlook for the economy and interest rates further soured the mood. The Comit index, which had posted losses on each of the previous five sessions, fell another 14.73, or 2.1 per cent, to 700.69, prompting expectations that it would test support at the 890-point level before upward momentum could be regained.

Mr Tancredi Bianchi, head of the Italian Banking Association, warned late on Wednes day that Italian rates could rise by e full percentage point before the end of the year if there were no change in the international outlook. This compounded an already neryous mood as the new account began with the market facing a hefty round of cash calls.

Blue chips bore the brunt of the selling, with Flat off L212, or 3.3 per cent, at L6,200, Olivetti down L85, or 3.4 per cent, at L2,405 and Pirelli losing L119, or 4.5 per cent, at L2,519. Against the trend, Monda-dori, which had been marked sharply lower earlier in the week, bounced L1,080, or 7.1 per cent, to L16,380 as. its

L900bn share offer began. FRANKFURT was sandbagged again by bond market weakness, said Mr Eckhard Frahm at Merck Finck in Dusseldorf, but It was worried, too, about the weaker dollar, and about technical aspects of the market with DTB contracts due to expire today, and the Daimler rights issue to

2,040.89 at the bottom of the post-bourse and recovered to 2,047.29 at the end of the day on the hope that there might be some recovery potential on options expiry today.

Turnover fell from DM7.6bn to DM6.7bn. Veba, the energy, chemicals and oils group recovered intraday, moving from DM498.50, down DM8.90 on the session to DM506 at the end of the afternoon. Merck Finck, Hoare Govett and Goldman Sachs have all lauded the group's earnings potential.

PARIS maintained its down-

trend, although early weakness was softened slightly by a fur-ther easing from the Bank of France in the intervention rate, something which had largely been discounted by The CAC-40 index lost 23.58

ting in e late spurt at the end of the day to rise above a session low of 1,931. Baring Securities said that investors should return to the market during the third quarter before the publication of first half results in mid-Sep-

or 1.2 per cent to 1,942.81, put-

tember/October, likely to show a significant improvement in St Gobain closed unchanged at FFr629 and said thet it might increase its stake in

Schneider went against the trend, up FF18.10 to FF1356.90, as it announced that it was to sell FFr700m worth of assets which would bring it a pre-tax

Large-capital blue chips con-

Mitsubishi Heavy Industries,

Roundup

Essilor, the manufacturer of

THE EUROPEAN SERIES Open 10.30 11.00 12.00 13.00 14.00 15.00 Close Rously changes FT-SE Euroback 100 1359.86 1359.88 1360.30 1359.47 1356.02 1350.10 1355.84 1356.76 FT-SE Euroback 200 1384.26 1361.78 1366.31 1364.83 1384.22 1386.75 1361.88 1382.07 Jan 13 Jun 18 Jun 15 Jun 14 1363.54 1413.81 1369,52 1411,45 1408,97 1412,64 1432,60 1430,94

rise in 1994 profits.

AMSTERDAM closed at a new low for the year as the equity market continued to take its lead from weakness in bonds. The AEX index dipped 5.04 or 1.2 per cent to 395.74, just above the session low of

DSM was dragged down by Fl 3.50 to Fl 124.30 as selling on the options exchange took hold. There was also reported switching out of the group into other European chemical groups. Akzo also weakened in line with the day's trend, finishing off F1 3.00 at F1 206.70.

Ahold, which reported first quarter profits of some Fl 110m, eased 60 cents to F146.50, while Royal Dutch fell by a similar amount to FI 198.30 as the oil price hit its ighest level for 12 months. ZURICH failed to sustain an

afternoon recovery and the SMI index gave np 35.2 to 2,666.6 in response to the weakness of bonds and the dollar. Financial shares remained

under pressure with UBS bear-ers losing SFr34 or 2.9 per cent to SFr1,140. CS Holding was SFr15 lower at SFr550 and SBC lost SFr10 to SFr385.

Among pharmacenticals,

The group also said that it Roche certificates gave up expected to report a significant SFr80 to SFr6,600 while the recently weak Ciba registered lost SFr1 to SFr825 and Sandoz registered dipped SF14 to SFr715.

Nestié fell SFr15 to SFr1,145: UBS, which recommends the stock, commented that the favourable medium-term outlook for the group should help it to outperform its European peer group.

Swisseir lost SFr10 to SFr767 as the market awaited a statement after the market closed, following a press report that the group planned to take a near 50 per cent stake in Sabina. In the event, Swissair said it was holding talks with several airlines.

MADRID lost just over 2 per cent, the general index closing 6.49 lower at 311.31 with turnover np again, to nearly Pta44bn. Construction stocks were hardest hit with Dragados down Pta100, or 4.4 per cent to Pta2,090 and Valderrivas Pta480, or 4,1 par cent lower at Ptal1,220.

ISTANBUL leapt 7.4 per cent as the supreme court overruled an application to block the government's aim to speed up the privatisation process. The composite index added 1.320.75 to 19.321.67, after

FUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn) 214.73 80,380 25,20 1,160.49 1,491.24 \$2.02

European volumes continued to slip back as the summer began to take hold last month. According to Mr James Cornish of NatWest Securities, who compiled the data, turnover in Europe declined by 8.6 per cent in May compared to April, having already fallen by 12 per cent in April from March. "Once again, it was the fall in US Treasury bond prices that was the main bearish influence on European markets, which falled to benefit from an unexpected cut in German official rates on May 11," he says. International investors also lifted their sales, with turnover in European stocks traded on Seaq International nuestors also lifted their sales, with turnover in European stocks traded on Seaq International domestic markets, rising to 16.3 per cent in May from 15.8 per cent in April. European volumes continued to slip back as the summer

15.8 per cent in April.

France saw the biggest rise in May's activity – in spite of a 6 per cent fall in the index, turnover was up nearly 21 per cent; but, reports Mr Cornish, it was still down 13.6 per cent on the average of the previous three months, "suggesting a resumption of selling pressure under the threat of rights issues and the UAP privatisation". Italian volumes declined by 6.4 per cent in May after April's record high, with the market itself dropping 8.5 per cent as profits were taken following the victory of Mr Berlusconi in the general election.

19.611.

WARSAW rallied nearly 6 per cent but traders said that the outlook remained mixed. The Wig index rose 452.5 to 8,386.5 and turnover by 34 per cent to 1,200bn zlotys.

touching a midsession high of ket's rise could signal that the market was bottoming out from a two-week fall, during which the index hit its lowest level since last October.

Written and edited by William

Hong Kong dips 1.4%, Nikkei makes upward move

Toronto recovered from early

gering caution, writes Emiko Terazono in Tokyo.

Volume amounted to 382.8m shares, against 468m. The Topix index of all first section stocks put on 0.26 at 1,698.53 while the Nikkei 300 rose 0.05 to 308.55. Advances outnum bered falls by 524 to 475, with 184 issues unchanged. In London the ISE/Nikkei 50 index

Traders said that in spite of the day's gains, the correction was likely to continue next week. However, many believe the downside to be limited. "Most corporate and financial investors who wanted to take profits did so when the Nikkei broke through the 21,500 level," said Mr Yasuo Ueki at

Meanwhile, rumours that a US hedge fund had bought put

the rises in crude oil and gold prices on overseas markets, buying up resource-related Non-ferrous metals gained ground, including Sumitomo tal Mining, which firmed Y2

gaining Y10 at Y458. Oil shares were also higher,

brake on its near two-week days of steep losses caused by decline before late profit-taking a dispute over North Korea's lativa favourites. Brother

COLOMBO was depressed by declines in shares with a high market capitalisation, and the all-share index fell 19.45 to 928.27 in turnover that jumped tinued to face profit-taking. to SLRs117m, from SLRs76m

nuclear programme, and the composite index closed 10.16 better at 901.08 in turnover of

TAIPEI lost some of its gains after late profit-taking in electronics stocks, financials still

KARACHI's banks, synthetics and cement stocks attracted

investors on the new account index from an 18-point loss to a day, and the KSE 100 index gain of 0.83 at 2,287.34. KUALA rose 22.18 to 2,278.80.

BOMBAY climbed on local and foreign buying after Indian Hotels announced a one-for-one scrip issue, the BSE 30-share index closing 40.36 higher at 4,164.06. Indian Hotels rose Rs75 to Rs1,350.

SINGAPORE recovered on a

voluma falling from 338m shares to 236m as the KLSE composite index ended 3.44

higher at 1.032.39. the final hour of trading.

ormce resistance level.

The golds index, which jumped more than 3 per cent in the

The rest of the market was mixed in quiet trade after Wednes day's gains, with a stronger financial rand depressing some prices. The overall index gained 27 at 5,774 while industrials receded 13 to 6,744. De Beers closed 75 cents off at R115.25 but Anglos added B1 at R242. Among golds, Vaal Reefs forged ahead R15.50 to R430 and Kloof put on R2.75 at R56.25.

168.68 178.76

FT-ACTUARIES WORLD INDICES

saler, adding Y60 at Y1,490. Individuals dabbled in specu-

Share prices gained ground for Industries, the sewing machine maker, surged ahead Y27 to Y783, Yokohama Rubber advanced Y12 to Y736 and the first time in three trading days on buying by individual investors and dealers, but volume remained low due to lin-Minebea rose Y11 to Y885.

The Nikkei 225 average was up 84.51 at 21,367.47 after a day's low of 21,273.95 and high of 21,389.98. Foreign investors, who had been leading buyers during the past few weeks. were absent, as were domestic

was 2.05 firmer at 1,394.38.

Nikko Securities.

options, expecting the index to fall below 20,000, kept many Dealers took their cue from

to Y974, Mitsubishi Materials, advancing Y25 to Y575, and Mitsui Mining and Smelting,

with Teikoku Oil up Y6 to Y798

again left shares slightly easier. The composite index slipped 5.31 to 2,916.56.

on Wednesday.

SEOUL rebounded from two

leading as the weighted index ended 34.58 up at 6,149.64.

FINANCIAL TIMES

late buying push which took the Straits Times Industrial

BANGKOK'S SET index rose 4.91 to 1,364.4, after dipping by more than 11 points in the morning, on bargain hunting, particularly in financials, in

to have had less effect than ous session, climbed \$1% to S African golds advance 4.5%

Gold shares closed sharply higher in Johannesburg as domestic investors were heartened by the bullion price, which broke out of its narrow trading range to trade just short of the \$388 an

first half-hour of trade, ended 94, or 4.5 per cent, ahead at 2,185 in spite of some mild profit-taking near the close.

the most active issue of the day, eased Y1 to Y797 and Nip-pon Steel shed Y2 to Y360. Banks were lower in spite of the absence of arbitrage selldipped Y10 to Y1,960 and Bank of Tokyo Y20 to Y1,620. In Osaka, the OSE average receded 15.65 to 23,610.55 tn voltime of 34.5m shares. A number of regional markets were under pressure. HONG KONG fell 1.4 per cent, under selling pressure aimed at property shares and with overseas investors seen switching their funds into Japan and the US. The Hang Seng index retreated 126.60 9,022.92 in thin turnover

of HK2 84hm The property sub-index dropped 2.6 per cent amid wor ries that the government's recent measures to cool the overheated residential property market could hit the profits of major property developers. Fears were also growing that the government might take action aimed at the commer-

cial property sector.

SYDNEY continued to be undermined by sharply weaker bond prices and equities finished at their lowest level for more than a month. The All Ordinaries index lost 18.4 at 2,056.0. The All Industrials index fell 25.2 to 2,995.6, near to its 10-month low.

Local

FT EXPORTER

EXPORTER: Summer Issue - July

The next issue of Europe's premier export review, the FT Exportar will appear with the Financial Timee throughout tha UK and Europa on tha 7th July 1994. Written by Financial Times journalists based in leading business centres across Europa, the FT Exportar will show, through case histories, how orders are being won and what practical problems are being overcome.

The Summer issue will include a discussion of how tree World Trade is after GATT, at a glance Risk Profiles for

Derek van Tienen (display) Tel: 44 (0) 71 873 4882 Fax: 44 (0) 71 873 3195

major non-European trading countries, a comprehensive guide to short term export credit insurers and a look at good deals, bad deals and who's doing them.

Details of the new FT Exporter WorldTraveler Foncerd. Sprint. will also be included in in association with the Summer Issue.

Janet Kellock [classified] Tel: 44 (0) 71 873 3503 Fax: 44 (0) 71 873 3098



169.07 112.90 147.93 157.82 199.17 176.56 117.27 154.48 154.45 195.41 169.81 109.80 149.32 139.90 176.67 125.21 83.17 109.55 128.49 145.31 -0.2 -0.1 -0.7 -0.4 1.6 -1.2 -0.2 0.4 -0.6 -1.8 3.50 1.03 3.95 2.66 1.33 0.83 3.14 1.81 3.19 3.46 1.59 0.71 1.67 1.5 178.76 119.07 155.87 155.76 155.7 1000 11/2/ 154.86 154.5 195.41 185.81 134.23 131.15 87.11 114.75 114.75 147.07 107.59 112.70 372.97 384.40 242.04 318.84 \$70.43 508.66 271.42 286.80 185.76 181.50 120.55 158.80 176.65 299.33 156.93 161.74 86.06 84.08 \$55.65 73.57 102.75 97.76 \$7.86 \$8.16 186.10 162.29 107.79 142.00 107.79 166.34 124.54 161.80 475.17 464.25 308.37 408.21 474.38 621.63 312.51 347.58 1984.52 1919.36 1274.89 1679.37 7245.97 2847.08 1447.28 1447.28 200.20 195.60 129.92 171.15 168.27 207.43 164.22 186.90 67.81 65.06 43.88 57.80 61.27 775.99 48.80 48.07 183.77 179.54 118.26 1570.9 177.85 206.42 150.61 152.93 336.89 329.15 218.63 287.99 237.82 378.92 242.48 263.09 220.34 273.90 161.53 237.95 294.42 280.34 175.93 183.57 140.41 33.27 122.65 147.20 155.79 116.33 130.01 143.72 140.41 33.27 122.65 147.20 155.79 116.33 130.01 161.78 248.68 231.35 163.85 176.12 186.37 184.04 122.24 161.03 184.04 24.98 176.52 177.52 177.52 281.43 318.69 371.95 121.01 158.40 175.75 55.11 72.14 100.89 107.40 140.60 107.40 314.13 411.21 483.84 1281.58 1577.65 7256.29 190.82 171.25 188.32 44.64 58 44 67 17 181.69 82.75 161.27 471.57 1924.34 198.42 07.03 180.84 381.63 272.62 138.57 209.48 3.85 1.65 1.75 2.16 3.99 1.80 1.77 4.08 44,64 58,44 62,17 120,44 157,66 178,63 220,86 289,12 240,07 161.56 92.29 199.51 104.80 122.71 121.96 237.67 292.36 120.81 144.81 182.63 249.72 137.16 137.39 160.64 184.26 159.65 167.78 188.37 BUROPE (719) 164.85 161.06 108.98 140.92 1531.37 178.58 141.58 202.27 197.62 131.28 172.91 204.35 220.90 155.92 173.44 169.45 112.55 148.27 117.50 173.76 134.79 107.13 140.24 132.81 173.58 112.83 147.05 140.24 152.78 173.58 205.13 147.05 117.04 160.86 3.06 1.45 1.03 1.86 2.85 2.45 2.88 1.57 2.03 2.22 2.89 140.92 159.37 178.58 179.37 149.27 117.30 173.76 145.06 132.03 170.78 107.33 184.36 192.73 126.93 134.50 157.47 211.32 222.58 296.21 146.66 136.33 172.51 149.00 148.66 175.58 149.53 150.91 178.56 156.34 178.98 186.20 197.62 131.26 169.45 112.65 185.76 110.12 rcific Besin (750) FO-Pacific (1489) 165.29 110.06 144.07 178.47 119.52 156.46 144.67 98.35 128.12 242.72 181.05 211.60 168.19 110.68 144.88 109.49 112.88 147.77 170.16 113.95 148.57 178.12 119.29 131.65 183.66 133.56 180.50 119.89 145.05 98.35 241.52 160.42 166.74 110.75 223.95 134.93 148.10 179.12 118.82 The World Index (2171)----- 175.15 -0.2 170.82 113.75 148.92 151.47 -0.3 222 175.56 171.53 113.93 150.06 151.97 178.97 155.17 160.77

11112 11. (J. 1110)

he personnel policies of a company ought to be a vital component of its overall strategy, but all too frequently they are not. This is the main assertion of a fascinating new study on human resource management in British multi-divisional companies.

Widespread internal restructuring may be going on across the corpo-rate scene. Yet employee relations issues "are rarely taken into account". Indeed, as companies introduce more rigorous financial control it becomes more difficult for them to adopt management styles "based on beliefs about the best

way to manage people at work".

"The influence of personnel management over strategic decisions is limited" and the "management of employee relations is deemed to be an operational matter wherever it is

iocated", argues the study.
As a result, its authors Dr John
Purcell of Templeton College, Oxford and Dr Bruce Ahlstrand at Oxford and Dr Bruce Ahistrand at Trent University, Ontario, argue the corporate institutions and procedures dealing with employees have had to be fitted – often forcibly – into a mould created by change initiated hy companies completely outside the industrial relations arena.

Tha authors argue persuasively that not enough attention has been

Putting a fence around the workplace paid to the fact that "the human resources of particular operating units fail to recognise that these

units are often part of a much larger and complex organisational structure". By constructing a fence around the workplace, human resource management enthusiasts obscure its integral position within the multi-divisional company. Basing their study on nine unnamed companies over a 10-year period, Purcell and Ahlstrand confirm personnel functions have become isolated from the strategic

centre of the enterprise. As a result,

personnel managers are uncertain

of what their role ought to he within the company and take little part in devising corporate strategy.

The book provides a useful and a relatively jargon-free account of how corporate decisions influence human resource management. The authors quote one personnel director who suggests that what drives change in the company is "the realisation that there is no calm water

around the next headland". Apparently "it is no longer a case of helt-tightening or taking short-term action to weather a

storm". Instead, there is a need "to cope with chaos, build for flexibility and find ways of integrating employment relations into the fab-

rlc of the organisation". The anthors are right to conclude that while "remarkably few organisations seriously consider questions of management styles and the most effective way to manage their employees", doing nothing or sim-ply reacting to events is no longer good enough. "There is a rationale for designing human resource management to add to competitive advantage and economic success*, they argue. Let us hope some com-panies are listening to this sensible

Source: Human Resource Management in the Multi-divisional Company, by John Purcell and Bruce Ahistrand, Oxford University Press, £30.00 hardback, £14.95 paperback.

Contracting for IT

Growth in the number of skilled staff on short-term contracts of between three and nine mooths in the information technology sector looks set to become one of the most important trends in the labour market during the current economic

contractors that have never dona so in the past", says Mr Tony Coombes, director at Systems Resources, a software and services company which supplies profes-sional services and systems software to corporate customars. "Large companies have cut to the bone in the IT area during the recession and they are not taking on permanent workers again".

The Coventry-based company has just announced a 58 per cent increase in the number of information technology contract staff taken into employment over the past 12 months to the first week of May to 509, compared with 322 in the previ-

ous comparable period.
"One of the reasons for the increase is that contractors can provide the specialist skills that permanent staff do not have, particularly where it would be too costly to retrain them. The company can often get the job done more quickly and more cost-effectively than with permanent staff", argues Coombes.

He expects a 50 per cent increase over the next five years in the number of contract workers in information technology to add to the 25,000 currently on the market. "Employers are reluctant to take on extra permanent staff for projected-based

work," says Coombes. "Contract staff are a more favourable alternative. Corporate organisations which have felt the consequence of perma-nent staff reductions over the last two years are now seeing gaps in the development skills they need, to configure the systems they require to remain competitive. The advantages of flexible contract staff is a huge plus for their immediate infor-

mation technology development. Science PhD unease

British employers are becoming concerned at what they believe to be a fall in the quality of PhD sci-ence recruits currently and in the future, according to a new study from the Institute of Manpower Studies in Brighton. But the demand for the 3,500 PhD science graduates who leave British universitles every year is unlikely to go up at least until near the end of the

The survey suggests "there is no evidence of a significant trend to a broader recruitment market in general. Just over a third of the PhD science graduates remain in academic life as researchers or teachers, while 30 per cent go into the private sector, with a large number taking up employment in the oil and chemical industries and in research and development and almost 10 per cent to the public sector. "No consistent view emerged from employers about their satisfaction with current PhD training," suggested the atudy. But it found that they thought there was need "for more interpersonal skills training and business awareness" from the PhD intake.

Employers also claimed "more formal training had squeezed out creativity and original thought". They added they believed PhD science graduates had grown too specialised and lacked "a breadth of view of their protestific dinti of view of their scientific disci-

The Institute of Manpower Studies indicated that "the vast majority of employers have little or no demand at all" for PhD science graduates because they did not need people on their pay-rolls with thet level of qualification.

But the unamployment level for such science graduates remains at less than 3 per cent, considerably lower than for first degree science graduates which stands at over 10 per cent. The survey suggests, however, they are going to have accept much more flexible forms of working in the future with more short-term contracts.

It is also clear that PhD science graduates in jobs will have to accept a greater commercialisation of their activities. As one major electronics company told the survey: "We are now a business first, which does research. We have changed our shape to be more customer focused and now have more worldly skills for commerce and finance. This has meant fewer PhD's and more general all-round

Source: Science PhDs and the Labour Market, Institute of Manpower Studies, Report 266, £30.00 from Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF.

Robert Taylor

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In the United Kingdom, Lazard Brothers' Corporate Finance Division acts for a large number of important clients, spanning both public and private sectors. The Division is enjoying sustained growth, creating further demand for Corporate Finance Executives. Applications are invited from Chartered Accountants with major firms, whether recently qualified or expecting to qualify this summer; from lawyers of a similar standing; from MBA's with a demonstrably relevant background; and from Corporate Finance Analysts completing a training programme with a major institution. We are particularly keen to hear from ACA finalists considering a career in Corporate Finance, who expect to qualify this summer.

These positions are highly sought after and selection criteria will be demanding: candidates must demonstrate impeccable credentials, numeracy, excellent interpersonal skills, creativity and an international outlook. In return, the Bank offers a competitive package, varied and challenging experience and first-rate career

Those interested are asked to write, enclosing full career details and stating reasons for applying. to The Halsey Consulting Partnership, 34 Brook Street, Mayfair, London W1Y 1YA. Telephone: 071 495 4446. Please quote reference L/440/7.

ENERGY DERIVATIVES BROKER

New Pic formed to specialise in Energy swaps and options. Existing management with expertise are looking to augment staff with bright commercial talent. We are interested in:

 Broker to develop OTC crude swaps and options. 2. Broker to develop cod-user business. Suit a marketer

with good cootacts with airlines/shipowners etc. Operating from prime Mayfair offices the company offers a stimulating environment with potential for growth. All applicants will be treated in strictest confidence. Apply in the first instance and in strictest confidence, to:

Sarah Bisset Quantum Energy Derivatives PLC 15 Grosvenor Gardens LONDON

LATIN AMERICAN EQUITY SALES

London

Our client, a leading US financial institution, is seeking an experienced professional to join its existing team. The successful candidate should be educated to MBA level, preferably with a financial hias, and must be able to demonstrate extensive knowledge of the Latin American markets along with welldeveloped institutional contacts. A proven products to UK and European institutions is an essential requirement for this position.

If you have the necessary skills and experience, please send a full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Ref: H7058/FT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SWIW 9SR.

track record in selling Latin American PA Consulting Group

Creating Business Advantage

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT



Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Chief Executive

Córas Iompair Éireann (CIE) is the main Irish authority for the provision of transport within the State. The organisation's group structure includes a holding company and three major operating companies which include Jamrod Eireann/Irish Rail, Bus Eireann/Irish Bus, and Bus Atha Cliath/Dublin Bus.

The current Chief Executive, who also holds the post of Chairman, will be retiring at the end of June and it has been decided to separate the two functions. His successor as Chief Executive must provide effective, professional leadership to the organisation.

Reporting to the Board of CIE, the person appointed will be responsible for the overall management and co-ordination of resources within the group in the provision of all group services. Key tasks will be to provide strategic direction; to ensure the development of plans and budgets; to meet the objectives and targets for transportation services within the guidelines set by the Department of Transport, Energy and Communications; to ensure that each operating company has the necessary leadership and management skills to plan and effect achievements; and, to ensure the execution of plans and

strategies once they are approved by the CIE Board.

We seek somebody who has the ability, drive, leadership skills and enthusiasm to develop strategies and implement policies so that CIE's goals can be achieved.

The successful candidate must have excellent leadership qualities, strong communication and interpersonal skills as well as the maturity, experience and statute to command respect with management colleagues throughout

Candidates must have an outstanding record of sustained achievement and excellence in management, and now seek a challenging role in one of the country's largest. commercial organisations. Remuneration and conditions will reflect the impor-

tance of this top level appointment. CIE is an Equal Opportunities Employer.

Please write, enclosing full career details, in strictest confidence to!

Tom O'Higgins, Price Waterhouse, Executive Selection Consultants. Gardner House, Wilton Place, Dublin 2, Ireland.

Warsaw

\$100-130,000

Plus

Substantial

Incentive

Compensation

Scheme

The Company

Chief Executive Officer (Leasing)

Few European economies are experiencing the same levels of sustained growth as Poland. The economy grew by 4% last year and is expected to maintain or increase this level of growth. This major leasing enterprise is being created to meet the under-served financing needs of large operating companies in Poland. This well capitalised company should rapidly become one of the largest leasing companies in Poland.

The Role

The Chief Executive Officer will report directly to the supervisory Board of the company. He/ she will undertake full responsibility for the business, managing Finance, Marketing and Operations. Specific duties will include: Selling lease services to potential client base; managing start-up operations; finalising initial debt financing; and hiring key staff including Director of Marketing and Chief Financial Officer. You will be expected to maintain a company focus on risk management through strategy and lease portfolio decisions.

The Person Clearly this is an exceptional opportunity to make dramatic progress within one of the strongest of the emerging market economies. You will need substantial leasing experience and an entrepreneurial business approach. Negotiating and dosing deals with top international executives will not be a new experience. It is assumed that you are already forging a lead in your current role.

Talent and ability are the key factors but Polish language skills would be a distinct advantage. Please respond to the address (fax below) quoting reference FT 2226 on all correspondence. All applications will be treated in the strictest confidence.



ANTAL INTERNATIONAL

Riverbank House ● Potney Bridge Approach ● London SW6 3JD Tel: +44 (0) 71 371 9191 • Fax: +44 (0) 71 731 8160 (24 hrs)

Like Our New Russian Market, This Opportunity Is Wide Open!

President/CEO

As a leading U.S. corporation with a history of success and innovation in the diversified consumer product market, we are currently seeking a seasoned executive to run our tobacco operations in Russia. As President/CEO of this exciting business unit based in Moscow, you will be responsible for the completion and start-up of a new manufacturing facility along with building our presence and market share in the new Russian Republic and the CLS.

Diverse talents in Marketing, Sales, Finance and Administration are a must for developing this venture to optimum levels of success and profitability. You will also need 10 years of demonstrated international management expecience, preferably in the tubacco industry, and entrepreneurial qualities of initiative, ness and results-oriented thinking. High ality people skills and knowledge of Buss iness protocol is also important. Fluency in stan is preferred, but not required.

We offer an outstanding benefits package which includes an attractive base salary and bosus cehensive expetriate package. For more nation, please send C.V to: Box A2077 thwark Bridge, London SE19HL. An equal

MANAGING DIRECTOR

FAST-GROWING CONFERENCE COMPANY

One of the world's largest magazine/conference companies specializing in engineering, manufacturing, vertical markets, real-estate, finance, pharmaceotical marketing, fond marketing, healthcare, information systems and environmental sciences seeks to fill the senior position in its conference division located in the UK.

The ideal candidate will have outstanding leadership and organisational skills and the ability to direct the division's rapid expansion in the UK and Europe.

Specific requirements are: (1) at least 2 years of general management experience including P&L responsibility; (2) at least 2 years of successful conference design and marketing experience; (3) demonstrated talent in "topic identification" and trend-spotting. This is a results-oriented position.

The position offers considerable opportunity for growth, financial security and eventual financial Indepedence through our generous profit participation program and available equity participation. For immediate confidential. consideration, please forward resume and salary history to:

> Box A2072, Financial Times, One Southwark Bridge, London SE1 9HL

BANKING FINANCE & GENERAL APPOINTMENTS

BRITISH AIRWAYS PENSION INVESTMENT MANAGEMENT LIMITED

Portfolio Managers

Central London

Competitive packages

The British Airways Pension Scheme is one of the best performing, large in-house funds in the UK. Assets under management are over £5bn, and growing steadily. As a result of expansion of market coverage, young portfolio managers with ability and potential are required for the following roles:

European Equities

The appointed candidate will work with the European Equities Manager in running the European portfolio, with specific responsibility for certain geographic areas. He/she will have an input into sector and asset allocation, and will provide back up within the team on other European markets. Ref 2941

Japanese Equities

The appointed candidate will work with the Pacific Equities Manager in running the Japanese portfolio, with an emphasis on smaller companies. He/she will provide back up within the team on other Asian markets, and will have an Input into sector and asset

Candidates should have about two years' experience in fund management, ideally in relevant markets, and are likely to be aged in their mid-20s. A second class degree or better, probably in a numerate or business-related subject, is required. Important attributes include strong analytical skills, independence of thought and the ability to work as part of a highly motivated and collegiate

For both positions, competitive base salaries will be complemented by a performance-related bonus and the usual fringe benefits. Please send a full CV in

confidence to GKRS at the address below, quoting the relevant reference number on both letter and envelope, and including details of current remuneration.

SEARCH & SELECTION CLAREBELL HOUSE, 6 CORK STREET, LONDON WIX 1PB. TEL: 071 287 2820 A GKR Group Company

Consultancy in Investment Banking

Attractive Package & Benefits

City

UBS is a AAA rated international bank employing over 2,000 people in London alone. The internal consultancy function plays an increasingly key role in the success of the bank in the UK and Europe. Due to increased demand for its services, it is looking to strengthen further its capability by the recruitment of additional senior consultants.

The successful candidates will have a proven track record of problem-solving and managing change working for a major consulting firm or blue-chip bank. The positions require a high level of intellect and good communication and people management skills. At least 3-5 years experience of business planning, business process re-engineering, operational and cost reviews, or the investment banking industry are required. Knowledge of German and/or French would be an advantage.

These high profile positions offer the perfect opportunity for the successful candidates to make their mark on, and build a career with, this major international bank.

As well as an attractive salary and career prospects, the positions carry a comprehensive benefits package, including participation in our performance-related bonus scheme.

Please send full career details to: Melanie Olrik

Personnel Department **UBS Services Limited** 100 Liverpool Street London EC2M 2RH



UK CORPORATE BANKING to c£50,000

Our client, a highly effective player in the provision of banking services and solutions to clients needs and requirements, seeks an experienced professional banker to maintain, develop and build upon an existing portiolio of major UK corporate clients. The successful candidate will be a graduate in their 30's with a strong credit background which will be supported by a proven track record in developing profitable business across a broad product range with major UK corporations.

MANAGER SECURITISATION c£40,000

Our client, a leading merchant/investment banking organisation, seeks to enhance its banking activities, with the appointment of a banker who has Secunitisation experience. Fully credit trained, the successful candidate will be a graduate, in their late 20's to early 30's, ideally professionally qualified who can demonstrate experience of manifers and structuring a book range of banking products, which will have included securitization.

EUROPEAN CORPORATE BANKING c£50,000

Due to continued growth our client seeks to appoint an experienced corporate banker to assist in developing a European portfolio. The successful applicant will be responsible for client relationship development and assist in focusing and giving direction to a team providing a wide variety of banking products and services in this highly competitive market. The appointee will, ideally, be a graduate callbre banker with extensive experience of the corporate market.

PROJECT FINANCE to £50,000

With a record of success in the Project Finance advisory sector throughout the world our client, a respected Merchant Bank, is a recognised player in the provision of fee based services. Now, due to continued growth, a need has arisen for an experienced profusation of banker to join 714 tury learn, ideally candidates should be graduate bankers currently with the project finance unit of a major bank. Age to mid 30s.

Please contact Richard Lyons or Sean Carr Carr Lyons Search and Selection Ltd. Astral House, 125-129 Middlesex Street London El /JF

Williams Wingfield Lecentice

Tel: 071-623 9493 Fax: 071-626 1263 Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

Assistant Fund Manager European Equities

Central London

Competitive salary + car

We have a specialist team of professional fund managers running the £8 billion assets of one of Britain's largest pension schemes.

An opportunity has arisen for an ambitious and highly motivated person to be involved in the asset allocation and management of part of the 6750 million European equity portfolio.

ideally you should have an economics or numerate degree and three to four years' experience in financial markets. The IIMR qualification is destrable, and knowledge of a European language would be an advantage.

Good communication skills are essential for meeting company management and maintaining good relationships with major stockbrokers. Candidates should be prepared to accept high levels of responsibility at an early stage.

A competitive salary is offered, plus car and other benefits including profit sharing and sharesave schemes.

Please send your cv, quoting reference CFT/16204/009/FT, to the Personnel Manager, Recruitment Administration, British Gas plc, Heron House, 326 High Holborn, London WC1V 7PT. Closing date for receipt of applications 1st July 1994.

Maximising potential through equal opportunities"

British Gas



RECRUITMENT CONSULTANTS GROUP 2 London Wall Buildings, London Wall, London EC2M 5PP Tel: 071-588 3588 or 071-588 3576 Fax No. 071-256 8501

Opportunity for No2 or No3 in Compliance in a leading bank to build and run own operation in an organisation planning to expand rapidly over the next 2-5 years.



HEAD OF COMPLIANCE

c.£50,000 + Bonus + Car

MAJOR EUROPEAN FINANCIAL INSTITUTION

Due to expansion our client has a requirement for a new Head of Compliance. We invite applications from candidates with 3-5 years' experience of SFA compliance and preferably a legal background. Candidates now with a top legal firm dealing with major bank clients or with an accountancy background will be considered. A knowledge of capital markets and treasury products is essential and there is an initial emphasis on the fast expanding area of emerging markets. The successful applicant will report to a member of the Executive Committee, will work closely with Audit and Risk Management and will maintain and build on the current compliance foundations. The ability to ferret out the issues on a day to day basis and ensure the range of products is covered is key. Initial remuneration is negotiable c.£50,000 + Bonus, Car and full bank benefits package. Applications in strict confidence under reference HC4980/FT to the Managing Director, CJA.

(Leasing)

VI APPOINTMEN

INTERNATIONAL BANKING

Swaps and Derivatives Opportunities

Bank of America, one of the largest financial institutions in the world, is seeking high calibre, experienced swaps and derivatives specialists to Join the Middle Office and Business Systems Group in London and the Operations group, based in Bromley, Kent.

Swaps Middle Office - London

We require candidates to work with business managers to lead various projects and business initiatives including the introduction of new products and systems. Candidates must have swaps and derivatives product experience and a general knowledge of other capital markets products. In addition, they must possess excellent communication and management skills and have the ability to liaise throughout the organisation at all levels.

We also require candidates to prepare P & Lanalysis and reconciliations as well as provide analytical support to the traders. Candidates must have strong technical knowledge of the products as well as a good understanding of the accounting treatment for swaps and derivatives.

An accounting qualification may be an advantage for some of these

Swaps Business Systems Group -- London

This group is responsible for working with the users of front and back office swaps and derivatives systems to define user requirements, prioritise enhancements and conduct systems quality assurance. We require candidates with good communication skills, management experience, swaps

and derivatives product knowledge and systems understanding. Candidates will probably have gained their experience working within a systems group or a business support function.

Swaps Operations - Bromley

We have a wide range of opportunities at varying levels of seniority for people with experience in swaps and derivatives deal processing, settlements, documentation, accounting and control. Candidates must be enthusiastic, motivated and have sound practical experience within the swaps environment. Individuals with a good understanding of Swaps Documentation including ISDA rules and regulations are also required.

Swaps Operations - Hong Kong

Wa currently have available a variety of permanent opportunities to work in Hong Kong supporting the swaps and derivatives trading activities in Asia. Candidates should possess some or all of the above experience and knowledge.

We are looking for candidates with the ability to work well within a dynamic, demanding and quality driven environment where individual performance is recognised and rewarded. Excellent career prospects are accompanied by a competitive salary and benefits package.

Please send your CV to Patricia Bannon, Bank of America NT & SA, 26 Elmfield Road, Bromley, Kent, BR1 1WA stating the position of Interest and salary or total compensation expectations.

Bank of America is an equal opportunities employer

Bank of America

A unique opportunity for entrepreneurial salespeople to develop an innovative cross border product

Michael Page City International Recruitment Consultants London Paris Ammerdam Dusseldorf Sydney

Equity Sales to Europe

Prime US Brokerage House

Our client, a leading US financial institution, is rapidly strengthening its presence in the European markets through the successful application of a fresh strategic approach combined with an unparalleled level of service. This expansion creates a need for two additional EQUITY SALES PEOPLE to develop the Continental European Markets. Candidates must be able to demonstrate a proven track record of at least four years institudonal equity sales experience.

A dynamic proscrive approach to meeting client needs and commercial acumen are essential. Flueocy in another European language is highly desirable.

to £120,000 Package

Candidates with a good knowledge of the French Institutional market are of particular interest.

This is an excellent opportunity for a motivated and professional individual, displaying a thorough understanding of the European and UK Equity Markets, to develop their career within a highly rewarding

Interested applicants should write to Gavin Starling at Michael Page City, 39-41 Parker Street, London, WC2B 5LH, quoting reference 189390. Alternatively, telephone 071 831 2000 for an initial, confidential,

TRANSACTION MANAGEMENT

GLOBAL INVESTMENT BANK

LONDON

Our client, a leading investment bank, provides a comprehensive range of investment, capital market and securioes . consideration if they can demonstrate at least 6 months' services worldwide. Substantial growth, combined with 2 creative and innovative approach has placed the organisation at The roles involve the structuring, oegotiztioo, docuthe very forefront of the world's loternational investment and mentation and execution of securities transactions.

Europäische AAA-Bank

Das Unternehmen: Als Top-Adresse zählt die Bank an den internationalen Kapitalmärkten zu den Major-Playern.

lhrco Kunden steht sie mit mittel- und langfristigeo Mitteln in unterschiedlichen Währungen, die durch CP-, MTN-

Programme, Anleihe-Emissiooen sowie Swap-Transaktioneo an deo Finanzmärkten aofgeoommen werden, zur

Verfügung. Eine bedeutende Rolle als Emissionswährung spielt die Deutsche Mark. Für die Leitung dieses Bereiches

Leiter/in DM-Emissionen

Die Aufgaben: Als Abteilungsleiter/in Verantwortung für den DM-, sfrs- und ö.S.-Emissionsbereich. Kootakte zu den Emissionshäusern in Deutschland, Schweiz und Österreich, Beobachtung dieser Kapitalmärkte sowie der

Zinseotwicklung anderer Emissionswährungeo, um Swap-Mögliehkeiten zu erkennen, Vertragsgestaltuog und

Börseneinführung sowie MarktpOege; Mitwirkung an der Entwicklung von Anleihestrukturen unter Einbeziehung der Zins- und Währungsderivate, Prüfung der von Emissionshäusern vorgelegten Angebote und Entscheidung sowie

Die Anforderungen: Wir erwarten ein Studium, gute volkswirtschaftliche Kenntnisse, mehrere Jahre Berufserfahrung

im großvolumigen Konsortialgeschäft sowie im Umgang mit deo Zins- und Währungsderivaten; Kreditkemmisse sind

vorteilhaft, Erfahruog in der Konzeptiooierung strukturierter Anleihen wird ebenso voransgesetzt wie Initiative,

Führungskompeteoz und Iotegratioosbereilsehaft in ein ioternationales Team. Sehr gute Dentseh- und

Das Angebot: Dem/der Banker/in mit ausgeprägter Erfahrung im Konsortial- und Bond-Geschäft, die auch in der

Industrie oder bei Institutionellen Anlegern erworben sein kann, bieiet sich eine hochinteressante Aufgabe auf internationaler Ebene; eine attraktive Vergütung sowie Vorteile, die sich aus Stellung und Standort der Bank ergeben,

Ihr nächster Schritt: Informieren Sie sich vertraulich lelefonisch vorab bei Herrn Matthias Junges am Samstag

zwischeo 17.30 und 19.30 Uhr, Telefon +49.6081.42768, am Mootag bis 20.00 Uhr im Büro oder senden Sie uns bitte

Englischkenntnisse sind ein "must", ausbaufähiges Französisch Voraussetzung. Alter: Ende 30 his Mitte 40.

suchen wir eine im internationalen Emissionsgeschäft erfahrene Persönlichkeit als

kompetente Anleitung und Motivatioo eines kleinen Teams.

The transaction management team is now seeking lawyers with up to 5 years' post qualification experience advisers and other parties connected with the transactions, and securities house.

More recently qualified individuals will be given equal experience in capital markets and a genuine interest in the area.

with particular emphasis on Eurobonds and other debt instruments. There is constant lizison with clients, external attractive salary and benefits packages. management professionals.

ROBERT WALTERS ASSOCIATES

& EXCELLENT PACKAGE

Givco the high degree of clleot contact, excellent communication skills are paramount. In addition, candidates must clearly demonstrate academic aptitude, sound commercial awareness and the interpersonal skills to succeed within a team orientated environment.

These ehallenging and creative positions carry highly

Interested candidates should write to Simon Hankey at gained to a major city practice, investment baok or co-ordination with syndicate, marketing, treasury and risk Robert Walters Associates 25 Bedford Street, London WC2E 9HP. Tel 071-379 3333, fax 071-915 8714.

Emerging Markets Equity Analyst/Portfolio Manager

Standish, Ayer & Wood is a Boston-based investment counsel company in business since 1933 with \$3 billion ander

- We are looking for an equity analyst/postfolio manager with at least 2-3 years experience in the emerging markets sector to
- complement our international team. The experience should have been gained as a research analyst
- or investment manager, ideally in both Asian and Latin American markets, although this is not a prerequisite.
- · Strong academic and professional qualifications required, preferably CFA level or equivalent.
- The successful candidate will work in a team based environment helping to create a global strategy and emerging

Applicants should submit a resume and compensation ents to the address below.

No phone calls please

Director of Human Resources Standish, Ayer & Wood, Inc., One Financial Center, Boston, MA 02111

Shordish, Aver & Wood, Inc. is an equal opportunity employer

EXPERIENCED ANALYSTS

Preclance UK equity research analysts needed for new venture to produce reports on smaller companies. Working from home to stringent standards. Would suit recently retired or particularly those on maternity leave. Good rates paid.

Please write to: Box A2073, Financial Times, One Southwark Bridge, London SE1 9HL

SENIOR TRANSACTOR

£80,000 plus bonus

International bank with a first class global reputation seeks to recruit a negotiator who possesses significant expertise within the large ticket domestic and cross-border market. Candidates should have the ability to work on an advisory basis coupled to strong technical skills. As there is a realistic opportunity to become unit head within two years' an outstanding individual is sought.

VENDOR PROGRAMMES

to £60,000 plus bonus Amarketing professional, aged 28 to 35, who has originated a significant number of profitable vendor programmes, covering a range of assets, is sought by a bank-backed lessor. Additionally candidates should have the ability to market other facilities, both lending and advisory, to major blue-chip clients. This is an excellent opportunity to join a renowned, successful and expending unit.

FINANCIAL ENGINEER c£55,000 plus bonus

A major international banking group seeks to appoint a graduate ACA, aged 26 to 34, who has gained excellent experience of tax-advantaged transactions, Within a small team of professionals, the role encompasses providing advice to major clients on the negotiation of complex structured finance facilities, both domestic and cross-

BIG TICKET LEASING £45/50,000 plus bonus

Our client has established a large portfolio of major domesticasset financing transactions. In order to continue to expand they seek to appoint an additional senior marketing executive who has proven experience, gained with a major principal, of successfully negotiating and closing complex £20m+ domestic leasing transactions. Exposure to cross-border deals would be advantageous.

LEASING ACA'S

£30/40,000 plus benefits

On behalf of several major leasing companies and bank's leasing divisions, based in London and the close Home Counties, we seek qualified accountants with between two and four years' post qualification experience gained within leasing or asset finance, The roles concerned cover financial control, analysis or budgeting and forecasting. If you are interested in the above or other positions

within the leasing and asset finance sector, and have relevant expertise, please contact Peter Haynes or Keith Snow. No information will be disclosed without applicants' prior consent.

Jonathan Wren & Co. Ltd, Financial Recruitment Consultants, No.1 New Street, London EC2M 4TP Tel: 071-623 1266 Fax: 071-626 5258

JONATHAN WREN LEASING

Make a significant contribution to the success of a new **UK Financial** Markets Newswire

Market Analyst City based

Dow Jones Telerate is a wholly owned subsidiary of Dow Jones and Co. Inc. and a world leader in providing on-line financial informatio

We have recently launched a new UK financial market newswire called UK Markets Report. The service provides real-time, in-depth coverage of all UK financial markets as well as econ business and political news that may affect these markets.

UK Markets Report is updated continuously throughout the day to give customers a fast, accurate and comprehensive service.

We are expanding the UK Markets Report editorial team to increase the range and scope of market coverage and we are looking for a Market Analyst who can act quickly as news breaks.

You will develop industry contacts and work closely with a wide range of sources. You will be expected to bring an analytical approach and keen justiful to real-time news coverage with specific emphasis on UK equities.

Several years' experience in the UK equity market; either as an Analyst or in a research role within an equity broking or fund management organisation is the minimum requirement for this position.

An understanding of company accounts and an ability to analyse them to provide an insight into corporate performance would be

Journalistic experience would be an advantage as would an understanding of PCs and Excel.

To apply, please send a full c.v. together with current salary details to: Stephanie Harris, Human Resources Officer, Dow Jones Telerale, 12-16 Fetter Lane, London ECAA 1BR.

This company is committed to equal opportunities and applications are welcomed from anyone irrespective of colour, otheric origin, disability, sex or marital status."



Treasury Sales

REDIT AGRICOLE, one of the world's leading Banks, is seeking to develop its Treasury Sales activities in London and, to this eod, iovites applications from high-calibre eaodidates with a minimum of 5 years sales experience. Applicants should ideally be educated to degree level, and must be able to demonstrate a sound knowledge of all Treasury products including Swaps.

A highly competitive salary and benefits package is offered, depending upoo age and relevant experience.

Please write, enclosing full career details to:

M J Benson Head of Human Resources

Caisse Nationale de Credil Agricole 135 Fleet Street, London EC4A 2ED

Applications should be received oo later than Monday 27th June 1994.





Ihre aussagekräftigen Unterlageo. Diskretion ist selbstverständlich. Geeigneten Interessenten schicken wir gerne unsere ausführliche Unternehmens- und Positionsbeschreibung "JSL".

Search & Selection for Stephan & Partner GM BH Financial Institutions Stephan & Partner GM BH Kisseleffstr. 1-D-61348 Bad Homburg & +49 · 6172 · 22044

Bonto

EMERGING MARKETS: DERIVATIVES TRADERS

Our client, a specialist investment bank with a highly successful track record, is enjoying continued growth in a variety of profitable niche markets. The Risk Management Group has been established to develop a capability in derivative-linked products across a full range of underlying instruments in a number of emerging markets. We now seek two risk managers to establish and develop the trading function.

Volatility Trader:

The way with first more state, and we seem to the con-

To hedge the risk arising from the Group's activities. This includes proprietary trading in OTC options as well as creating securitised products. The underlying instruments would include equities, commodities, interest rates and currencies across a range of geographical markets.

Providing a specific derivative risk management capability in tandem with our client's strong presence in the Latin American, Eastern European and African Sovereign debt markets.

While prior experience of emerging markets is not essential, interested applicants should:

- have a demonstrable track-record of successful volatility trading
- · have at least two years' options experience
- have exposure to OTC products
- · be graduates with a mathematical degree
- · be mature individuals capable of taking independent responsibility in a closely knit team environment
- · have a desire to be involved in, and contribute to, the development of the bank's activities in these areas These represent unusual and exciting opportunities to develop careers across a broad range of markets, and to

establish market leadership in areas of enormous potential growth.

Investment banking remuneration will be geared to attract individuals of the highest calibre. To discuss this further, in strictest confidence, please contact Christopher Lawless on 071 379 1100

The Bloomsbury Group (Search and Selection Con The Second Floor, endon WCZE SHA. Fax No. 071 240 6362.

or write to him at:

THE **BLOOMSBURY** GROUP

Price Waterhouse



EXECUTIVE SEARCH & SELECTION

Broker/Dealer

Treasury Appointments

HALIFAX

Competitive Salary Plus Benefits

further expand our Treasury team in two particular areas.

Fixed Income Securities

and we want to appoint an experienced bond dealer to join our team. Ideally with at

least 5 years' experience in fixed income securities including British Government

Securities as well as other major bond markets, you will also be able to demonstrate

dealing expertise in both cash and derivatives markets, particularly in relation to

asset swaps. Reporting to the Investment Manager, you will be responsible for an

Investor Relations

HALIFAX places the utmost importance on the development and maintenance of investor relations both in the UK and in financial markets throughout the world.

With wholesale funding balances in excess of £11 billion and plans for expanding

funding activities, the opportunity now exists for a market professional to develop within Group Treasury in the field of Investor Relations. You will be expected to demonstrate a wide knowledge of financial markets, probably gained from experience in a major financial institution or corporation. Apart from proven experience in finance and marketing, the position demands enthusiasm and

commitment, allied to excellent management and communication skills, together

THESE important positions both offer an attractive remuneration and benefits package including car, subsidised mortgage, private health insurance, contributory pension scheme and relocation assistance where appropriate.

To apply, please write with full CV and salary details, quoting reference [HOP/TA]

to the Assistant General Manager, Group Personnel, Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.

with the drive to fully develop the investor relations role in future years.

HALIFAX is fully committed to equal opportunities

US investment bank requires a senior customer dealer aged 25 to 35 with a thorough knowledge of all Treasury products. Responsibilities will include marketing and quoting F.X. & Money Market prices to corporate elients. Ability to interpret current economic & political information and to advice customers on

250,000 A senior F.X. dealer with expertise acquired on a Forward Euro currency book is sought by a first class international baltk. Candidates aged 25-35 will have a stable cureer history and must be proficient with arbitrage hosiness. Working knowledge of Off Balance Sheet instruments would be advantageous.

High profile European bank wishes to appoint a senior trader with expertise in PRA's & Fatures. Ideally aged 24 to 32, candidates will have gained at least 4 years experience dealing in USD or DEM, and should have a sound

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ACCOUNTANCY COLUMN

Crying wolf too often over the 'liability crisis'

Andrew Jack reports on a lengthy but ultimately one-sided debate on an important professional topic

hree concepts associated with Laventhol & Horwath, the large US the creative accountancy term extraordinary item" could rarely be more appropriately used than in connection with a recent issue of a US academic journal: significant, but one-sided and questionable.

The Journal of Economics & Management Strategy, published by the Massachusetts Institute of Technology, has devoted an entire issue to the liability crisis and its impact on accounting, based in turn on papers given at a conference on the subject

in April last year*. There is little doubt that tha topic is extremely important, and it is welcome to see it debated at such length in an initiative taken by an academic institution. The disappointment is the lack of balance in the analysis it

It is particularly ironic to see some of the dangerous assumptions made without supporting evidence by academics of economics and accounting, who have a reputation based on objectivity, rigour and numerical

Take this comment from Mr William Kinney, chair at the graduate school of husiness from the University of Texas at Austin: "It is fair to say that litigation threatens the continued existence of independent auditing as we know it today".

Or - from the same author - that many claims against auditors "may be non-meritorious", simply because the average value of legal settlements is a small proportion of the average value of claims

Take the oft-repeated but rarely analysed mantra that the downfall of

accounting firm that collapsed in 1990, was caused by litigation issues. In fact, a cumber of other factors were at least as important.

The conference organisers clearly made an impressive attempt to make the debate wide-ranging and relevant to policy by including professionals in practice as well as academics. Sadly, the rhetoric of senior representatives of four of the "Big Six" firms (which have reportedly spent \$2m apiece lobbying for litigation reform) rings a little hollow.

There is an almost suspiciously common line taken by four of the firms. They all talk about the personal pressures caused by lawsuits and the exposure to unlimited liabil-ity, and the reluctance of firms to continue to audit higher risk clients. They suggest (though none provides any examples) that promising accountants are rejecting the offer of partnership for fear of the conse-

Mr Larry Weinbach, managing partner-chief executive of Arthur Andersen, says small and medium-size firms are reducing the audits they under-take to reduce their liability exposure. Yet most of the large lawsuits are against larger firms.

Similar points come from Mr Michael Cook, chairman and chief execu-tive of Deloitte & Touche. Yet his stance is in apparent contrast to the view of Mr Ed Kangas, managing partner, who in a more general interview with the FT last year did not even raise litigation reform when he was asked to list the most important challenges facing his firm.

the sympathy towards the current liti-gation situation in the US is unjustif-ied. It is just that many of the arguments are far less relevant and need to be applied with considerably greater caution in the UK and other jurisdictions.

For example, the firms call for "fee shifting" - also known as "the English rules" - by which unsuccessful litigants must pay the winners' legal fees if the claim was frivolous, in place of each side paying its own costs. They want the elimination of bonuses paid to representatives of class action suits which act as incentives to the emergence of professional

hey also criticise the litigiousness prevalent in the US, with plaintiffs rejecting any per-sonal responsibility for loss, in a process characterised by Mr Richard Breeden, former chairman of the Securities and Exchange Commission

(SEC), as "heads I win, tails I sue". Yet ironically, Mr Breeden himself (regrettably absent from this journal) does not support proposals to reform joint and several liability, by which one defendant can be required to pay damages disproportionate to the degree of culpability. He argues that it "strikes a reasonable balance" between the interests of auditors and those of taxpayers and investors harmed by poorly audited companies. Two senior officials at Ernst &

Young provide (though irritatingly without naming names) a useful summary of legal precedents. They highlight an English-based company

dents but sued its English advisers in Montana to avoid the risk of having to pay the other side's costs. It even floated a zero coupon loan note to fund the litigation, which will pay bondholders a percentage of any

Nevertheless, the Journal does contain some excellent articles. One of the best pieces is written by Mr Robert Ellioti, assistant to the chairman of KPMG Peat Marwick, who argues that "hard data should replace anec-

He suggests that research is needed into: whether users value audits; who gains from litigation awards; whether settlements disproportionate to fault improves auditors' performance; and what has caused the crisis.

The problem is that the accounting firms and their insurers, so willing to call for reform, have been equally reluctant to provide such information. At least one group of respected academics in the UK trying to research litigation reform has been refused access to professional indemnity data oo the large firms, for example.

Mr Walter Schuetze, chief accountant at the SEC, argues the liability crisis is a function less of auditing failures than accounting failures. Citing the collapse of the Savings & Loans industry, he says tighter stan-dards rather than ones leaving much to judgment would have prevented a position in which "management puts oo its rose-coloured glasses, and the auditor is unable prove that his or her

client is wrong". Mr Weinbach makes an interesting point in suggesting that litigation is \$11.50

All this is not to say that much of which offered shares only to UK resi-forcing "defensive auditing", in which - like doctors carrying out needless tests - accountants are forced to spend increased time checking and rechecking at the expense of efficiency: a process that adds much to cost but

This needs further examination. After all, cooducting needless tests even when judgment dictates they are not necessary is one thing, but ensuring financial statements are accurate within reasonable levels of confidence is quite another.

Mr Cook sketches out different scenarios for the profession, including one in which the additional audit costs for clients without any litigation reform would be 25 per cent to 50 per cent higher. More detail would certainly be helpful.

Thomas Lys, from the Kellogg gradtrate school of management at Northwestern University, reveals a sharp rise in lawsuits against auditors - but the total from 1960 to 1985 was still

One perspective sadly lacking throughout the articles is of those who have lost money in companies where the audit report was inade-quate. An important missing topic is analysing precisely what limits to compensation would be feasible given the firms' stated willingness to pay damages when they have done wrong. It seems that at least one more academic conference on the subject could be easily justified.

*Journal of economics and manage-ment strategy. Volume 2, issue 3. Fall 1993. MIT Press Journals, 55 Hayward St, Cambridge, MA 02142-1399. USA.

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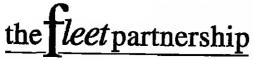
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Reporting to the Group Finance Director, your broad and challenging brief will be to develop and implement tight control systems which will lead to a more structured approach to the management of cash and working capital throughout the group. You will also be required to manage a variety of projects and ad-hoc exercises consistent with PLC activity. Some international travel will be necessary.

This exciting role requires a qualified accountant with strong technical skills, an analytical approach and an understanding of group reporting. You will currently be working either in a line position with a large, distribution orientated business on in a page and a large. distribution orientated business, or in a non-audit position within the profession. Probably aged 28-35, you will possess excellent communication skills and the potential for rapid progression within the group.

Please apply in confidence with a full CV and salary details to: J.D. Vine, Vine Potterton Ltd., Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB.

VINE POTTERTON

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business oewspaper. Les Echos, gives you a unique recruitmeor advertising opportunity to capitalise on the FT's European readership and to further target the Freach business world. For information on rates and further details please telephone: Philip Wrigley on +44 71 873 3351

FINANCIAL CONTROLLER - EUROPE

Augal Ltd. is a leading international supplier of electrical connectors to the outomotive, computer and telecommunications industries. Due to an expansion of its product lines and consolidation of its European operations, the company is expanding its accounting group in the Midlands.

You will report to the VP-finance and Administration-Europe who will be returning to the US parent within the next few years. A qualified accountant, your background reflects a broad understanding of the commercial issues facing an up to £30,000 + Car & Benefits

international manufacturing company trading throughout Europe.

With full responsibility for the general ledger, corporate reporting and the development of systems and procedures, you will also be responsible for the personnel and I.T. functions. You will be expected to play an integral part in implementing changes, and in creating new systems and procedures, as the group continues to expand.

Please send your CV and covering letter to:

Bartwell

International Recruitment (UK) Ltd.,

Crest House, 7 Highfield Road, Birmingham B15 3ED.



The Institute of Chartered Accountants in England and Wales

Director of Practice Regulation

The Institute employs a Secretariat of some 450 people, supporting a worldwide membership of over 100,000.

Based in London, the Practice Regulation Department employs 40 professional and administrative staff who service relevant committees, regulate members and firms practising in the reserved areas of Auditing, lavestment Business and Insolvency, and monitor compliance by all practitioners with the professional indemnity insurance regulations.

A reorganisation following a retirement will create this vacancy, and both internal and external candidates will be considered. Reporting to the Secretary and Chief Executive, the new Director will be responsible for the effective

Candidates are likely to be aged between 38 and 52, graduate accountants, with substantial managerial experience in a professional service environment. It would be an advantage to have been involved to regulatory and compliance matters, most likely to the profession, the financial services or regulatory bodies.

Important personal qualities will be well-developed leadership and managerial abilities. first-class administrative and communications skills, an analytical mind and an interest in committee work, as well as competence in the use of IT, and the drive and dedication to handle a diverse and demanding workload.

A salary in excess of £70,000 will be negotiated; in addition there is an attractive benefits package. Please reply in confidence to Bryan McCleery who is advising on this appointment.

> CLIVE & STOKES INTERNATIONAL No. 1 Derby Street, London W1Y 7HD. Telephone: 071-408 2192

Group Financial Director

c\$45,000 negotiable + package London based

OINTMENTS

As a well established London based Construction company with a turnover of £40m, we are seeking to oppoint a Group Financial Director with o minimum 5 years construction industry experience.

As a member of the board you will be expected to formulate and maintain financial policy and make a significant contribution to the strategic management and continuing profitable growth of

This is a challenging role requiring a qualified occountant (degree plus ACMA ar equivalent), ideally aged mid 30's to mid 40's with a dynamic proactive monogement style and excellent interpersonal and communications skills.

Please send full written details in confidence to: Box A2076, Financial Times, One Southwark Bridge, London SET 9HL

FINANCE DIRECTOR

CENTRAL LONDON

provider of structured finance and related specialist services. From a strong balance sheet position the Group is now poised to grow its existing operations and expand into new areas.

There is now a requirement for a Finance Director to join and strategies. the executive team to provide strong financial management and applied to maximum effect.

Participating at Main Board level, you will have responsibility for all accounting and finance matters, especially demonstrate significant career development outside of the London, WCZE 9HP. Tel 071-379 3333, fax 071-915 8714.

This young and dynamic quoted Group is a leading independent in the key areas of treasury management, control and systems accountancy profession and display real commercial awareness enhancement and taxation. The successful candidate will be Experience should have been gained in a financial services expected to contribute greatly to the commercial development environment and a thorough understanding of leasing, property, of the Group by providing sound but creative financial solutions acquisition evaluation and financial instruments will be

AGE 28-35

Having functional control over a finance team of up to 8, to support the development of the Group in its long term stroog man management and communication skills are drive and maturity to operate at Board level, together with strategy, ensuring that the highly positive cash resources are prerequisites, especially as you will also be responsible for lizising with institutional investors and external advisors.

Candidates will be graduates, ACA qualified and be able to

c.£50,000 + BONUS + BENEFITS

required, as well as the ability to deal with legal documentation. Above all, the successful individual must have the energy, strong technical and commercial skills.

Applicants should write to Jon Boyle ACA or Giles Daubeney at Robert Walters Associates, 25 Bedford Street,



Director of Finance

International Law Firm £50-£60,000 + benefits City

Our client, a medium sized multi-national partnership of lawyers, is one of the top insurance litigation practices in the UK, and one of the leading City firms in construction law. Although well established the firm has a large number of young. high calibre partners with drive and a flexible, progressive approach. The firms success and resulting growth have led to an increased need for financial expertise, and a skilled, ambitious finance professional is now required for a

Reporting to the Management Board, you will play a key role in the strategic and commercial decision making processes. You will be responsible for highlighting relevant issues and advising on the financial affairs of the firm, ensuring that an accurate and efficient service is provided through the management development and training of the finance team, introducing effective procedures and controls and developing existing systems.

To succeed in this demanding role you will be a qualified accountant with direct experience of the financial management of a law firm and its accounting systems. A practical hands-on approach, combined with the ability to make a positive contribution at a strategic level, is essential. Probably in your mid-thirties to early forties, you will have strong management and communication skills, a mature personality and the ability to inspire confidence in partners and colleanues.

To apply please send a CV with salary details quoting reference 1733 to Richard Holland (071-489 6244).

BDO Consulting, 20 Old Bailey, London EC4M 7BH.



Senior Audit Manager Responsible to the Group Director of Audit, candidates will have developed good business acumen plus project and people management skills during

approximately 8 years' poe gained in 2 variety of roles.

driving forward the technological aspects of the department. Consequently, up to date knowledge of a variety of communications, software and hardware systems is important; 10 years' experience is therefore expected.

Senior Auditors from £30,000 + fx car

Operational/MIS Review

GLOBAL FMCG MARKET LEADER

Managers from £40,000 + fx car

One of the world's most successful FMCG companies, our client - a highlyfocused food and drinks group - is a major player in each of the 50 countries in which it operates. Following restructuring and a series of promotions, the high-profile London-based loternational Operational

Review team now seeks a number of Managers and Senior Auditors. Covering operations in Europe, Africa and the Asia Pacific region the team assists senior management in achieving business objectives, by leveraging best practice through proactive added value reviews of financial sod operational controls and procedures. In addition, team members undertake consulting assignments including acquisition and disposal reviews and analysis as well as ad hoc secondments to the businesses.

MIS Manager Also reporting to the Group Director of Audit, this position is responsible for

Senior Auditors

Positions exist both for integrated auditors and IT specialists: the former will be ACA or CIMA qualified with up to 4 years' pqc. Audit experience is not essential; more important is a record of achievement in a Big 6 practice or major Plc. IT specialists will have had significant project management and systems implementation experience, or have been lovolved in developing business applications.

In all cases, as the department uses integrated audit techniques some exposure to computer systems is essential. Other pre-requisites include an excellent academic and career track record, enthusiasm and strong toterpersonal skills. With worldwide travel of c50%, foreign languages. tional cultural and commercial skills would be an advantage

Individuals can expect to progress within 2 years; recent moves include a UK controllership of one of the group's leading brands and a management role in Corporate Finance. The exceptional career opportunities in the UK and worldwide are matched by a superb salary and benefits package, which includes fully expensed car and bonus.

Interested applicants should send or fax their CV quoting ref. 068 or for more information contact us on 071 329 4649, or during the evenings and weekends on 071 231 8272.



OLD BAILEY HOUSE, 7 OLD BAILEY, LONDON ECAM 7NB. TEL: 071-329 4649 YAX: 071-329 4677

FINANCE DIRECTOR

C London

package c£40,000

"There are no problems there are just opportunities"

The saying could have been coined for our property development clients who have not just survived the recession, they have flourished. By buying cautiously, designing imaginatively and controlling professionally they have become a high-profile plc with prize-winning developments to their credit.

They now wish to appoint a Finance Director to join the management team. Experience in property is not essential but applicants must be qualified and combine good technical ability with a strong sense of commercial realism in a business where the conflicts of style and cost are constantly being balanced and where cash flow is all-important. Characteristically the company has few direct employees and an informal 'hands-on' style is therefore essential. Ideal age range is 32-37.

Please write with full CV, including salary history and daytime telephone number quoting reference 1750/FT, to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London WIX 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter.

Selection Consultants

INVESTMENT ACCOUNTING MANAGER

Central London

circa £40,000 + Car + Bonus

Diverse financial services Plc noted for their success in dealing in global markets, has undertaken recent acquisitions to the group.

This significant growth reveals the need for an accountant to strengthen investment accounting procedures, supervise valuations for all funds (ability to price stocks, bonds, swaps, options and futures important) produce regular management information and tax computations and ensure strict application to internal controls.

The successful candidate will be a chartered accountant with at least 3 years post qualified experience (securities industry experience essential) and highly computer literate. An effective communicator with strong leadership and interpersonal skills he/she will liaise at a senior level and possess the ability to influence corporate decisions and demonstrate developed man management skills.

For further information please contact Gary Johnson or Simon J. Clarke on 071-629 4463 or send your C.V. to the address below.

HARRISON # WILLIS

FINANCIAL & LEGAL RECRUITMENT CONSULTANTS Cardinal House, 39-40 Albemarie Street, London W1X 3FD. Tel: 071-629 4463 LONDON - READING - GUILDFORD - ST ALBANS - BRISTOL - BIRMINGHAM

Fillit

Managing Director - Finance

Head of Risk Management

Investment Bank £100,000 - £300,000

Our client is a respected and highly profitable bank based in the City with overseas offices. There is an immediate need to establish a new risk ement function. Longer term, a Managing Director is required to head all the bank's support services; financial control, credit control, systems, treasury, compliance and audit. An exceptional candidate could

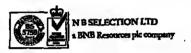
Our client will make a single appointment - hence the wide remuneration range and alternative job titles.

management function or be ready to take responsibility for all the bank's infrastructure functions and have the ambition to be Chief Executive.

Very high intellect, stature and excellent leadership and interpersonal skills are essemial at whatever level the appointment is made. The right person will probably have a background in financial services, but not necessarily in banking. An accountancy qualification would be a plus. Age is open, but probably between 40 and 45.

Applicants' names will not be disclosed to our client or to anyone else without their specific approval.

Please apply to James Hervey-Bathurst. NBS (Ref BN2183), 54 Jermyn Street, London SWIY 6LX





LONDON 071 493 6392 ardeen 0224 638080 * Birminghare 021 233 4656 Brisnol 0272 291 (42 * Edmburgh 031 220 2400 Glasgow 041 204 4334 * Leeds 0532 453830 Manchester 0625 539953 * Slongh 0753 819227

FINANCIAL CONTROLLER - MANUFACTURING

c. £40,000 + Car

+ Bonus

Hi-Tech Multinational

Thames Valley



MARTIN-WARD · ANDERSON ·

Our client is a fast growing multinational hi-tech public company with over 80% of sales deriving from export markets, Manufacturing operations are based in Europe and the USA, and plans include future manufacturing in other

Rapid technological change and innovation, coupled with business expansion, now demands that the international manufacturing operations be evaluated. The objective is to ensure that optimum product sourcing arrangements are in

These challenges have created a need to recruit a senior finance professional to support the Manufacturing management team. Reporting to the VP Manufacturing, responsibilities are to:

develop strategic and operational business planning

support major manufacturing investment initiatives

 design and implement product costing systems ▲ develop key manufacturing performance indicators

 evaluate product sourcing arrangements ▲ assist in the negotiation of supplier cootracts

▲ provide commercial advice and support for Manufacturing management.

A qualified graduate calibre accountant is required, probably aged 28 to 35. Experience of international manufacturing and costing is essential, preferably gained in a hi-tech, consumer goods or other product based organisation. Personal attributes should include good communications skills, leadership qualities, team orientation, strong intellectual ability and a creative approach to problem solving.

Candidates should write to Peter Ward ACMA (enclosing a curriculum vitae and details of current salary) at: Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS.



TRADE INDEMNITY PLC

Assistant Financial Controller

c£32,000 pa plus benefits and car

Trade Indemnity is the UK's leading trade credit insurer and our core business is to provide companies with payment protection on their credit sales. This core business, together with a growing portfolio of related products, makes our Group the most comprehensive provider of credit risk management services.

The Group intends to remain the market leader and profitable growth leads us to offer the above appointment which is based from the London Head Office:

Responsible to the Financial Controller, the successful candidate will be ACA or ACCA qualified with 5 years post qualification experience. The role will suit an individual who is self-motivated, familiar with working within tight deadlines, an excellent communicator at all levels and used to managing financial teams.

Additionally, our rapid development of systems and technology means that, as well as financial accounting and corporate taxation expertise, computer literacy is essential. The fringe benefit package includes morrgage subsidy, non-contributory pension scheme, free life insurance and profit share.

If you would like to be part of our success, then please write with full career details to:

Alan Suckling, Manager - Personnel 12-34 Great Eastern Street, London EC2A 3AX.



The Royal Bank of Scotland

WHERE PEOPLE MATTER

CHIEF ACCOUNTANT

- Branch Banking Division Edinburgh

The corporate aim of The Royal Bank of Scotland is to be recognised as the best financial institution in the UK. Branch Banking Division is the largest part of the group, offering a full range of banking and encial services to both personal and commercial customers in the UK and offshore islands.

internal promotion has created an opportunity for an experienced and ambitious professional to play a high profile role within the business. The responsibilities fall lato two key areas; firstly managing the financial planning and reporting mechanisms from strategic plans to mouthly management accounts, emphasising and explaining the main business issues and highlighting the emerging trends; secondly, enhancing the quality of the financial information through more project-based work to give greater insight into the financial dynamics of the Division.

Candidates will have at least 8-10 years post qualifying and relevant experience. Over and above this they must demonstrate strong levels of energy and the ability to develop successful and credible relationps at senior levels. The management skills to lead five managers and thirty staff are also necessary.

Naturally a very attractive salary and benefits package, including relocation, will be offered to the successful candidate.

Please write with full CV to: Scott Black, Finlayson Wagner Black Ltd, 19 Alva Street, Edinburgh EH2 4PH. Tel: 031-539 7087.





Financial Controller

Birmingham

JBA ia an expanding £74 million turnover international group operating as a computer software house. The Company is the largest UK based AS400 business application software supplier and the third largest such organisation in the world.

The current size and future potential of the UK Business demands the appointment of a Financial Controller. Reporting to both group and regional general managers significant strains will be put on the successful individual, and a very strong personality will be required to make a

Specific responsibilities will include the preparation and presentation of monthly and annual accounts, control of the annual budgeting process, supervision of several staff, and ad-hoc reporting as required both by group, and most importantly, to provide a

Package c £30-40,000+Car

disciplined financial perspective to the general

Aged 25-35, you will be an ambitious, qualified accountant with experience in a fast moving, competitive industry, ideally liaising with general management as well as finance. Technical experience, strong personal presence and outstanding communications skills will be essential in this high profile role.

Final package will be based upon experience, but the range is broad to reflect the flexibility offered if the right Individual is found.

Applicants should forward a CV, including current salary details to Adam Leon or Paul Kinsey at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD. Quoting ref: 191460.

Michael Page Finance

FISHER-ROSEMOUNT Senior Financial Analyst

Redhill, Surrey

Our client is a \$650m rumover manufacturer of control equipment for supply to large industrial chemical and process industries. Part of the Emerson Electric Corporation of the US, the company enjoys an enviable reputation in its field, achieving high and consistent earnings growth, largely as a result of a commitment to strong financial managemen

Reporting to the Director of Financial Planning, and with direct contact at senior executive level, this is a key role focusing on driving operational benefit and maximising return for 40 locations and 10 factory sites. This involve

- Monthly analysis of actual against forecast. Consolidation of management reports for both financial
- and non-financial measurements.
- Preparation of the annual and long term plan including
- Ad hoc projects.

to £32,000 + Car

The successful candidate will be a qualified accountant with a high level of academic achievement and considerable experience in a manufacturing environment. This is an ideal opportunity for a financial planning analyst to move from a plant or factory environment to gain experience in head office level. Experience in it inulti-site US environment would be a significant advantage.

Strong communication skills with an ability to deal at the highest levels will be combined with considerable flexibility and a willingness to travel. It is expected that career progress will lead to a senior furamital position in an international location in the future. An advanced level of spreadsheet ability is essential and this will be tested

Interested condidates should send their Curriculum Vitae to Jonathan Ross at Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG, quoting reference BBFO 185490.

Michael Page Finance

Specialists in Financial Recruitment of Windsor St Albana Leatherhead B

FINANCIAL CONTROLLER

Excellent Salary, benefits and car

TOR LINE Limited is the UK subsidiary of TOR LINE AB, a customer orientated finance professional to assume full major Swedish Shipping Company and a division of the DFDS Group. As the leading freight carrier on the North Sea routes, the company serves the market in the traffic areas

between Sweden, the United Kingdom and the Continent.

responsibility for establishing the accounts function. The successful candidate will be a professionally qualified accountant who can demonstrate a track record which

eocompasses management as well as technical skills, ideally gained within a customer focused environment. Planned expansion of the UK operation has created an Responsive and adaptable, you will demonstrate a hands exciting ground floor opportunity for a talented and on approach together with good commercial judgement.

This is a tremendous opportunity for the right individual and applicants should write enclosing full C.V. and details of current salary to Terry Bibby, Mercuri Urval Ltd., Ship Canal Rouse, King Street, Manchester, M2 4WU, quoting ref: TB/9323.

Group Finance Professionals UK Stockbroker

to £30,000 + Bonus + Benefits

Our client is a leading corporate stockbroker with an excellent reputation for research and quality of service In recent years they have undergone a significant period of development and they are now seeking to strengthen their finance department by the recruitment of two additional accountants.

Financial Accountant

You will report to the Group Financial Accountant and be responsible for preparing monthly profit and loss accounts and balance sheets, SFA, quarterly VAT and other returns. You will also be involved in a variety of ad hoc project assignments.

Management Accountant

You will report to the Group Management Accountant The role includes weekly financial forecasts and the preparation of monthly numagement accounts. You will also provide assistance in funncial planning. analysis and related project work.

Candidates will be qualified ACA, CACA or CIMA with up to two years post-qualification experience. Some financial or management accounting expenence is essential although financial services experience is not required as the emphasis will be on team players with strong interpersonal skills and the ability in work well under pressure.

These are excellent opportunities to fully develop your potential in a supportive and exciting environment.

Interested applicants should contact Andrew Fisher, Parkwell Management Consultants Ltd. 3 Catherine Place, Westminster SW1E 6DX Tel: 071 233 5207 Page 071 233 5205

International Financial Analyst

London

To £40,000 + Car+ Bonus



Our client a leading UK services group with a turnover of £1.1bn, has maintained its position as a dominant market leader despite increased competition in it's specialist sector. A recently appointed high calibre management team coupled with an increased commitment to product innovation, and a corporate strategy orientated towards the provision of superior customer service, will create substantial domestic and international business

Recent internal reorganisation has generated the need to augment the management team with the appointment of an exceptional Financial Analyst. Reporting to the Finance Director of the International Division, the appointee will be responsible for a variety of commercial and analytical issues facing the division. Specifically, this will encompass the evaluation of capital expenditure proposals, the analysis of revenue, cost and margin information for senior management, and extensive business re-engineering. The successful candidate will work closely with management teams in operating countries. operating countries.

This opportunity will appeal to a self-motivated, high calibre accountant (aged 28-32) with a minimum two years bine chip commercial experience, outside of public practice. Some degree of international exposure, and an ability to speak one or more European languages, is highly deshable. In addition, key requirements are sound commercial judgement, a proactive work style, and an ability to initiate and manage change.

The rewards include an attractive remuneration package together with company car, generous performance related borns and excellent career prospects in a successful and growing group.

Interested applicants should write in the strictest confidence to Brian Hamill or Robert Walker, forwarding a curriculum vitae to our London office quoting ref: BH1016.

WALKER HAMILI

Executive Selection 29-30 Kingly Street London W1R 5LB

Tel: 071 287 6285 Fax: 071 287 6270

OINTMENTS

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Financial Planning & Analysis Manager

Specialised Financial Services Group

NW London

c£45,000 + Car + Benefits

Our client is a household name and market leader in providing specialised insurance, together with related products and services, to its customers in key niche markets. The group comprises 5 operating businesses with a combined turnover of around £250 million p.a. and 4,000 staff. The group is successful and innovative with exciting yet realistic plans for expansion both in the UK and Europe.

We seek a Financial Planning and Analysis Manager to join the executive team at corporate HQ. Managing a department of 4 staff, the job holder's main responsibilities will include monthly management reporting on all aspects of Group and subsidiary performance; financial analysis; leading the strategic planning and annual budgeting process; strategic business reviews; financial control over HQ expenditure; systems development and ad hoc exercises. The position reports to the Finance Director and career prospects are

Candidates must be graduate, qualified accountants, in their thirties with at least 4/5 years post qualification experience, preferably gained in a substantial multi-site service business. Ideally, they will demonstrate relevant experience gained in both corporate H.Q. and line management positions in the financial services, insurance or related sectors. Computer and P.C. literacy is also important.

The attractive benefits package includes a negotiable salary, fully expensed executive car, non-contributory pension, London weighting allowance and private healthcare.

Please send your career and current salary details, together with a daytime telephone number to Barry Skates, Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 1QP, 0753-850851, Fac 0753-853339, quoting Ref WBS/4339/FT.

EXECUTIVE SEARCH AND SELECTION

Reporting directly to the Sector Director, tha Financial

Controller will be responsible for the timely and accurate presentation of financial information to meet internal

reporting requirements as well as providing customers with

meaningful explanation of financial performance. The

individual will also be part of the Management team and will

participate in the development of business opportunities.

which will include introducing and monitoring Sector

Personal qualities will include a practical approach

Remuneration is negotiable and will include a

Please forward your current CV, quoting ref CESFT/1,

Kent TN14 7BP.

combined with high levels of energy, enthusiasm and

performance related bonus. This position is initially offered

on a three year fixed term basis which may be extended to

by 30th June 1994, indicating why you wish to

apply and what contribution you feel you can make

to the work of the DRA to: Mrs Julie Phillips, CES

Performance Measures.

a maximum of five years.

Financial Controller

Sevenoaks · c£35,000 + benefits

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. Wa also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

In this new climate, high profile roles of strategic importance are being created for exceptional professionals whose technical skills are matched by real vision and an appetite for the challenge of change.

A requirement has arisen within the Operations Group for a business driven, instinctively commercial, qualified accountant of graduate calibre. Wa are seeking an individual whose experience has been gained within a professional, progressive environment with strong control disciplines and high financial reporting standards who can work effectively with finencial and non-finencial

Defence Research Agency

WEARE AN EQUAL OPPORTUNITIES EMPLOYER

Contrôleur de Gestion

itish Gas

Salaire Motivant

colleagues.

Arras (180KM AU NORD DE PARIS)

Filiale du graupe britannique BTR pic. naus fabriquens et distribuons des batteries industrielles et des détecteurs de gaz. Natre chiffre d'affaires annuel est de l'ordre de 700 millions de france et notre effectif de 1000 personoes. Pour seconder notre Directeur Financier, cous recherchuns nutre Contrôleur de Gestion. Sa mission comprend le reporting mensoel et annuel, l'établissement des coûts standards, des budgets et des prévisions. l'enelyse des écarts. l'assistance decisionnelle aux cadres commerciaux et de production, la gestion financière des stocks einsi que des missinns ponctuelles. Il

Executación es gère une équipe de quatre personnes. Le candida: relenu sera un comptable de haut nivean ayant déjà démontré sa compétence professiennelle el relationnelle dans un environnement industriel multi-produits, utilisant, de préférence, les coins crandards. La capacité de gérer simultanément des problèmes complexes, ainsi que la fermeté er la diptomatie sont nécéssaires pour réussir dans un rôle qui lie rigueur comptable à flexibilité commerciale. Une parfaite maîtrise de

l'anglais et une bonne pratique du français

sont requises. Pour ce poste clef unus offrons un salaire modvant, le remboursament des frais de déménagement raisnanables, un ecviroanement dynamique et changeant et des perspectives de carrière interessantes. Le poste est basé à Arras. Venillez adresser CV complet, lettre manuscrite et photo à Mr C Smith, Directeur Financier, Oldham France SA, BP962, 62033 Arras Cedex, France.

The Top Opportunities Section

Personnel, Building A3, DRA

Advertise your senior management positions to Europe's business readership. For information please contact:

Philip Wrigley 071 873 3351

Divisional Financial Controller

Career growth with an expanding electro mechanical contractor

Jeddah .

c\$40,000 + performance bonus (tax free) + benefits

Our client - a subsidiary of a major group is undoubtedly one of the fastest growing and profitable businesses in Saudi Arabia. Majoring in construction services and healthcare, the company has adopted the highest standards of management, investment in staff and technology, and is committed to a dynamic, non-hierarchical structure.

As a result of its policy of devolving authority from the group head office, the company now seeks a capable and energetic financial professional to join the management team of its key Electro-mechanical Services

Although reporting to the Group Chief Financial Officer, you will work closely with the Divisional General Manager as you will have full responsibility for the financial management, reporting and control of the Division. This will involve leading and developing your own team of high calibre accountants working across a growing range of projects and locations, as well as taking a central role in the introduction and

maintenance of effective cootrol systems. This is a hands-on role which also requires

the ability to 'stand back' and take a strategic viewpoint, when necessary. It also calls for a self-assured individual, with developed decision making skills, who is in sympathy with the company's team-based, non-traditional approach.

Probably in your mid-thirties and a university graduate, you will be a qualified accountant with at least seven years' experience covering cash management, contract margin management, control of project manpower costs, purchasiog controls, and project forecasting. A background within construction services or a similar project-based environment would be ideal and managerial ability, commercial awareness and IT skills are essential. Previous exposure to the Middle East would be a distinct

In return, you will enjoy a negotiable tax free salary, together with a first-class range of expatriate benefits and the excitement of a truly dynamic working environment. Please write - in confidence - with full career and salary details to Ghassan Yazigi, Ref. 1358/6, MSL International Limited, 32 Aybrook Street, London W1M 3JL

MSL International

CONSULTANTS IN SEARCH AND SELECTION



Financial and Commercial Director

Leatherhead, Surrey

ERA Technology is a well established, independent company providing leading-edge research, development, design and testing services in electronic, electrical, malerials, structural and general engineering. This international company, one of the largest of its kind in Europe, and having offices in the USA and Singapore, has a worldwide reputation for innovation and achievement. it has grown steadily and been profitable for the past

The current Director responsible for the financial and commercial aspects of the company is about to retire and an experienced replacement is required.

As a member of the Board, the appointed candidate will work very closely with the Managing Director to ensure that the company performs in line with its commercial and financial objectives. He/she will be responsible for experienced learns in the Finance, Contracts, Personnel and Operations Support

Departments and will work closely with other Directors in this lorward-looking, strategic role. There is strong commercial c.£50,000 + car + bonus

emphasis and the successful candidate will play an important part in leading major contract negotiations and reviewing collaborative arrangements and potential

Aged in their late-30s to mid-40s, candidates must be experience in the manufacturing or engineering sectors, ideally in a hi-tech environment. Previous experience of contracts negotiation is essential, and exposure to international operations highly desirable. Candidates must have the interpersonal skills, authority and selfconfidence to earn respect and be credible both internally and externally.

In addition to the remuneration mentioned above, the package will also include a pension scheme, private health care and other executive benefits.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 292J on both letter and envelope, and including details of current

SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON WIX 1PB. TEL: 07t 287 2820 A GKR Group Company

YCDAFONE•

TREASURY **MANAGER**

Newbury, Berkshire

Attractive salary & benefits



With a dynamic record of growth, Vodafone Group Pic is a world leader in mobile telecommunications and is one of the top 35 UK companies by stock market capitalisation. With already over one million UK subscribers we are also developing extensive interests in Europe, Australia, the Far East and elsewhere in the world.

At our Head Office based in Newbury, we now have a challenging role for a bright, recently qualified Accountant wishing to develop Treasury expertise. This position offers the successful candidate opportunities to manage the Group's liquidity and expand accounting skills.

The position:

· Reporting to the Group Treasurer with responsibility for treasury activities

- Managing group cash worldwide; acting as principal sterling dealer and providing advice to foreign subsidiaries
- Developing group cash and interest forecasting models Improving treasury systems and liaising with treasury accountants

Responsible for providing accounting

assistance in the group finance department Involved in ad hoc treasury and

accounting projects

financial service companies and a desire to acquire the ACT qualification

The requirements:

Numerate graduate

(assistance will be given) Awareness and understanding of financial markets and economics

· Qualified ACA with experience of

Strong systems skills with an ability to

construct complex spreadsheets

· Team member with excellent communication and negotiation skills and able to pay close attention to detail

To apply please write enclosing a full CV stating why you feel you are suitable for this position, together with salary expectations, to Jane Boiston, Personnel Department, Vodafone Group Services Limited, The Courtyard, 2-4 London Road, Newbury, Berkshire RG13 1.JL. Please quote Reference No. VGFN018

Closing date for applications 30/6/94.

INVESTING IN PEOPLE AS WELL AS TECHNOLOGY

DIRBOTORS SEEKING A NEW ROLE?



Europe's leading outplacement and career management consultancy, InterExec has over 15 years' experience of managing career change for senior executives and many of Britain's largest companies.

By accessing over 6,000 unadvertised vacancies a year, mostly at \$40 - £150,000 p.a. Interface provides clients with vital market intelligence AND its subsidiary, InterMet, makes recommendations from its candidate bank without charge.

Call Keith Mitchell as London on 071 930 5041 or isabel Keddic in Helinburgh on 051 225 8414 66 George Street, Helinburgh E142 256

A'S LARGEST SOURCE OF UNADVERTISED VACANCIES

WANTED

APPOINTMENTS

FCCA (37)

6 years overseas experience with multinationals. Fluent IT/FR/PT seeks position.

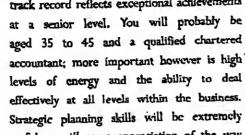
Flexible on location. Tel: 010 39 11 205.0635 This position is oew and will be extremely high profile. It will report to the Managing Partner and the board as a key member of the executive. The firm is one of the UK's leading property consultants with around three bundred partners and staff and is now moving slowly but confidently out of the recession. It has an enviable reputation for the quality of its work, and an enthusiastic and flexible approach to business

Working closely with the Managing Partner and with a staff of over 20 you will have accountability not only for all financial matters, including management information, planning, financial management and control, treasury and IT, but also will direct and manage the personnel and administration functions.

£70,000 plus bonus, and benefits You must be a highly capable individual whose track record reflects exceptional achievements at a senior level. You will probably be aged 35 to 45 and a qualified chartered accountant; more important however is high levels of energy and the ability to deal effectively at all levels within the business. Strategic planning skills will be extremely useful as will some appreciation of the way partnerships work.

If you feel capable of handling this exceptional reference 3398 to Bruce McKay, Touche Ross London EC3N 2NP.

MANAGEMENT CONSULTANTS



challenge please send a comprehensive C.V. quoting your current remuneration package and daytime telephone oumber quoting Executive Selection, Friary Court, 65 Crutched Friars,





Corporate Finance Systems Manager

c£35,000 + car

London Underground is committed to improving the efficiency. cost-effectiveness and quality of its service. In the last few years, we've introduced major improvements to our finance systems, and this is set to continue as quality financial and management information enables us to make the best use of scarce resources and exploit business opportunities to the full.

Your role will be to develop and manage the corporate finance systems department responsible for improving our financial and management accounting, asset management, revenue collection and cash management systems, so that departments can focus on their business purpose and measure the impact of business decisions. This will encompass the provision of training and quality assurance programmes.

As the company's expert on computerised corporate finance systems, you must have a high level of accounting expertise coupled with an up-to-date knowledge of mainframe, mini and micro computers, operating systems and technical standards. You will also need excellent organisational, communication and negotiation skills, if you're to successfully identify, evaluate and meet the requirements of your different customer groups.

The salary offered is backed by a generous range of benefits. This appointment is made initially on a two year contract basis with every possibility of renewal.

For an application information pack please contact Tracey Gabriel. Personnel Services, London Underground Limited, quoting reference UOV/108X on 071-918 1118 during normal office hours. Closing date for completed applications: 8th July 1994

Working Towards Equality.

Applications from women and ethnic minorities are particularly welcome.

TINANCIALITER TOR DESIGN

Business Plan Preparation New Venture in Financial Services Industry

An experienced Finance Director is required to join the technical innovator and a small team to produce a Business Plan for a new company in the Financial Services Industry.

The product is a service that is made occessary due to legislation being enacted rapidly throughout the world.

Initially a fixed 9 months contract will be offered with a view to transferring to the permanent appointment of Finance Director.

We require a qualified accountant with highly developed business acumen aged between 35 and 45 years. It is essential that you have a minimum of five years experience operatiog at a scolor level within a commercial organisation, preferably in the finance services industry and have a good knowledge of large computer systems. You will have a high level of skill in the use of PCs and have good experience in the preparation and presentation of business plans and budgets.

Considerable coergy, ioitiative and enthusiasm will be required allied to a shirtsleeve approach.

You will need excellent interpersonal and communication skills with a strong personality and good presence.

As the company will be operating oo an ioternational basis, knowledge of major European languages will be an advantage.

To apply please send your full CV, including present salary, to: Box A2079, Financial Times,

One Southwark Bridge, London SE1 9HL



AMBASSADOR AIRWAYS LIMITED

FINANCE DIRECTOR GATWICK

We are the UK's fastest growing charter airline, and a subsidiary of a large private International group of companies.

Following relocation we have an opening for a financial director who will have overall responsibility for all of the financial requirements of the company. Although you will be reporting functionally to the overseas based group finance director, you will have a significant degree of autonomy and will be expected to bring considerable commercial expertise to this position.

This is e senior role having considerable impact on group finance matters and requires high level liaison throughout the group's operations and with major external agencies. Applicants should be graduates, ACA qualified, conversant with computers and information technology and possess the highest degree of drive, ambition, restllence and energy.

interested applicants should apply in writing through our accountants:

Soteriou Banerii Chartered Accountants 253 Gray's Inn Road, London WC1X 8QT

Contact: Judi Harris

APPOINTMENTS

appears in the UK edition every Wednesday & Thursday

For further information

Gareth Jones on 071 873 3779 on 071 873 4054 Philip Wrigley on 071 873 3351

ADVERTISING

and in the International edition every Friday

please call: Audrew Skarzynski

It has several overseas offices and is continuing to expand rapidly in both product range (especially electronically) and its customer hase. The Commercial Director will manage the finance function and contribute to strategy on a broad mage of lesses. THE REQUIREMENTS

- # Graduate, likely to be aged early thirties with a recognised
- # A good track record of running a hands-on accounting and commercial function at least to Financial Controller level. probably in a smaller company.
- Evident experience of staff motivation and leadership
- Highly computer literate, with drive, initiative and strong negotiating skills.
- K/F Associates, 252 Regent Street, London WIR 5DA

K/F ASSOCIATES

Specialist Pal

Commercial

circa £45,000 plus car and potential for

Manage an experienced team and take responsibility for all aspects of financial accounting, timely management

Ensure improved efficiencies through the implementation of

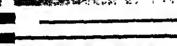
■ Provide significant input to major contract negotiations and

Please apply in writing with full CV and salary

details quoting reletence 90666/A to Geollrey Mather,

additional software applications and cost control

reporting, company secretarial duties and dealings with



Mutual Butters Accounting Unit H

Excellent Remuneration

Citibank Luxembourg is engaged in global finance and private banking activities, its rapidly growing Mutual Funds
Department administers both Citibank and third party funds. An experienced and ambitious individual is now sought to head the accounting function for this expanding business.

THE APPOINTMENT

THE APPOINTMENT

- Manage a substantial team focusing on the accuracy and appropriateness of mutual lund net asset values.
- # Play a key role in the development, implementation and valuation of new funds and of new instruments introduced into existing funds.
- Ensure correct accounting policies and procedures are adopted for new funds and investment instruments
- # Participate in client reviews and the annual budget; manage the auditing process.

Please apply in writing with a full CV and salary details, quoting reference 6440G, to Susannah Truswell.

THE REQUIREMENTS

- Graduate, with strong Intellectual skills, probably aged 30-40, with a recognised accountancy qualification.
- E Currently working with an audit firm focusing on mutual funds or unit trusts, or alternatively based within a fund management house.
- # Fluent French and English a prerequisite.
- Mature and dynamic with strong munagement, interpersonal and communication skills.

K/F Associates, Regent Arcade House, 252 Regent Street.

FINANCE DIRECTOR

SPANISH SPEAKING

LONDON £38 - £48,000 + CAR + BENEFITS

EXPANDING FRESH FRUIT IMPORTERS, PACKAGING AND TRANSPORTATION GROUP SUPPLIERS TO LEADING RETAIL CHAINS T/O IN EXCESS EAUM

Due to continued European expansion, A G Thames requires applications from qualified accountants, preferably ACA's, aged 20's to early 40's. Candidates should ideally speak Spanish and have a minimum of four years sound financial accounting experience in fast moving manufacturing or distribution environment.

The successful candidate will have experience in installing financial control and reporting systems. Experience of having worked in Europe is important. The selected candidate will report to and work closely with the Group Managing Director and will play a key role in formulating and achieving Group objectives. Frequent visits to the Group's Spanish operations will be required and will include implementing effective reporting systems and assisting local management with budgeting, control systems and general financial management.

The successful applicant will work with the Managing Director as member of an entrepreneurial team and will be responsible for the preparation of consolidated Group management accounts, as well as dealing with budgets, forecasts and capital expenditure projects. A atrong and assertive personality is essential. Applications should write in strict confidence to the Managing Director, Thames House, Warspite Road, Woolwich, London SE185NU.



New Islington & Hackney Housing Association New Islington is a leading Housing Association which ages over 5,000 homes primurily in North East London.

TREASURY MANAGER c. £25,000 We are now looking to recruit a Treasury Manager to manage

our loan portfolio, liquidity requirement and assist the Finance Director in developing financial strategies to support current and future commit

Applicants must demonstrate the following:

- A relevant qualification (eg ACA, CICS, ACCA, 10B) Two years post qualified relevant experience
- Excellent negotiating and influencing skills

An understanding of the current financial pressures on Social Housing is highly desirable.

Closing date: 10am 23rd June 1994. Interview date: 1st July 1994. An application form and further information can be

> New Islington & Hackney Housing Association, Globe House, 8 Curtains Road, Telephone 071 417 0463 Working Towards

CFO POLAND

FOR A FAST GROWING POLISH-WESTERN JOINT VENTURE BASED IN WARSAW (TURNOVER OVER 50 M\$).

The appointed candidate will be responsible for finance, accounting, budget control and MIS. Candidates should be graduate qualified accountant, probably ACA. Leadership and managerial skills are mandatory.

Fluency in Polish and English is required for this position.

Reply in confidence within 10 days to:

Box A2070, Financial Times, One Southwark Bridge, London SE1 9HL

Director of Finance c.£38,000

South Thames Training & Enterprise Council is dedicated to maximising the potential of individuals and businesses. By strengthening local enterprise to compete more effectively, we aim to stimulate economic growth throughout the South Thames area. South Thames TEC, like the businesses it serves, must operate effectively. As Director of Finance, you

will ensure that it does. Reporting directly to the Chief Executive, the Director of Finance is respons

to the finance and accounting systems of South Thames TEC. As well as overseeing day-to-day procedures, you will advise on financial policies and strategy, propose courses of action and implement agreed plans on finance-related topics, including staff training and IT systems. Applicants will be mature and experienced individuals with a successful record of financial strategic management, and be ICAEW, CIPFA or ICMA qualified. Good

communication and management skills are required as is a 'hands-on' approach to practical accounting tasks. This is a challenging position in an organisation which has to fulfil its own objectives by ensuring others achieve theirs. Commercial acumen is essential, with public sector

For an informal discussion telephone our Chief Executive, Mike Hanson on

071 403 1990 or send a comprehensive C.V. to Jan Hill, Human Resources Manager, tes Training and Enterprise Council, 200 Great Dover Street, Lund SEI 4YB. To arrive no later than 30 June 1994. Please quote reference DC126. South Thames Training & Enterprise Council is committed to equality of opportunities.



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LAMBETH . SOUTHWARK . LEWISHAM . GREENWICH

IN PARTNERSHIP FOR GROWTH

FINANCE DIRECTOR

Humberside

Shipping Services

We are a division of a UK Pic engaged in stevedoring, warehousing and distribution.

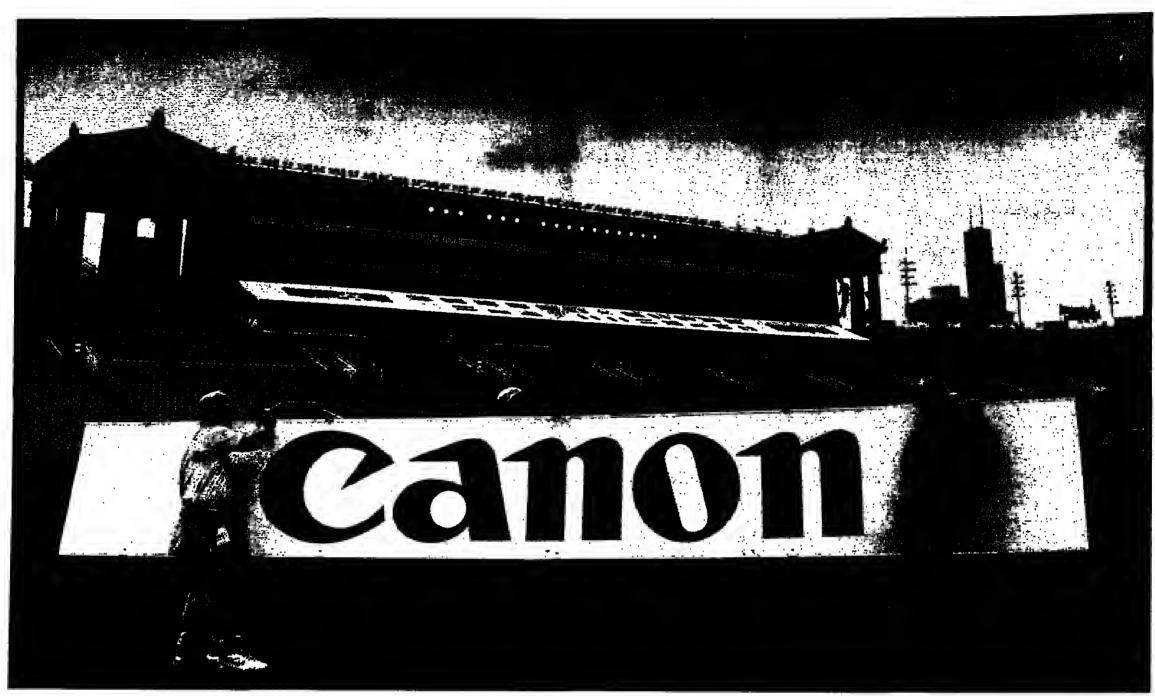
Reporting to the Divisional Chief Executive you will be an important member of the management team. Your responsibilities will cover all aspects of financial management but with particular emphasis on strategic planning, the development of computerised information systems and the maintenance of strict financial disciplines and controls.

Candidates should be qualified accountants aged 30-40 with strong commercial and inherpersonal skills and experience in freight forwarding/distribution.

We offer a competitive salary, car and other normal company benefits.

Interested candidates should forward a full CV to:

Mr Colin Copland, Financial Director, The Global Group Pic, Crambrook House, Redlands, Couledon, Surrey CR55 2HY



SOLDIER FIELD, CHICAGO, JENE 14, 1494

BECAUSE WE DON'T WANT TO BE OUT OF YOUR THOUGHTS DURING THE WORLD CUP.

There is more to our contribution to the World Cup than advertising boards. During the event almost 700 Canon copiers, facsimiles and typewriters will produce an estimated 7.5 million documents. Additionally, nearly 200 of our employees will be present to support the thousands of journalists and photographers using Canon cameras and other products. So when a TV camera with a Canon lens eatches our hrand name in the background, think about what's behind it. Only occasionally, however. Because we would never want to prevent you from enjoying the match.



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